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Japan

Continued Reports on Procurement Talks With U.S.

Tokyo To Offer 'New Proposal'

OW2807235494 Tokyo KYODO in English 2309 GMT 28 Jul 94

[Text] Washington, July 28 KYODO—Japan and United States were set to resume trade talks Thursday [28 July] night in an effort to resolve disputes on Japanese Government procurement regulations ahead of a July 31 deadline to avert potential U.S. trade sanctions.

While the outcome of the talks was uncertain, currency traders bid up the dollar earlier in the day apparently in anticipation of a breakthrough in the negotiations.

Japan's Deputy Foreign Minister Sadayuki Hayashi, who arrived in Washington earlier in the day, was scheduled to meet Thursday night with Deputy U.S. Trade Representative Charlene Barshevsky.

Thursday's meeting was expected to be a brief one-on-one session to discuss procedural issues, with a full negotiation session set to begin Friday morning, a U.S. trade official said.

Japanese sources said Hayashi was expected to offer a new proposal to the United States in a bid to break the deadlock in the trade talks.

The talks in Washington came only four days after the two sides had an extensive negotiation session in Hong Kong.

Barshevsky told reporters in a break during a congressional hearing on China Thursday that the meetings in Hong Kong yielded "minimal progress."

At issue is a U.S. allegation that the Japanese Government discriminates against U.S. and other foreign firms in government procurement for telecommunications and medical equipment.

Japanese sources said the new Japanese proposal includes an offer that major Japanese Government entities brief both Japanese and foreign firms every year on their procurement plans for telecommunications and medical equipment.

Japan also plans to offer a proposal to seek technical advice from foreign firms before setting technical specifications on telecommunications and medical equipment to be purchased by the government, the sources said.

Apart from holding talks with Barshevsky, Hayashi is also tentatively scheduled to meet with U.S. Trade Representative Mickey Kantor on Friday, a U.S. official said.

Kantor has set July 31 as the deadline for deciding whether to officially cite Japan for unfair trade practice, a move that would lead to U.S. trade sanctions unless a settlement is reached within two months.

Barshevsky told reporters Thursday the deadline will not be extended this time.

The July 31 deadline was the third set by the United States for the current disputes on Japanese Government procurement practices.

Kantor extended the first deadline on April 30 for two months, and pushed it back again for another month on June 30 because of political turmoil in Japan surrounding the fall of the previous coalition government led by Tsutomu Hata.

Proposal To Ease Foreign Market Entry

OW2907010794 Tokyo KYODO in English 0036 GMT 29 Jul 94

[By Antonio Kamiya]

[Text] Washington, July 28 KYODO—Senior officials from Japan and the United States kicked off a make-or-break round of trade talks Thursday [28 July] night in an attempt to head off potential U.S. trade sanctions over Japanese Government procurement practices.

At issue is a U.S. allegation that U.S. firms face discrimination in bidding for Japanese Government contracts on telecommunications and medical equipment under current procurement regulations.

The two sides have until midnight Sunday, the deadline set by Washington, to come up with a solution or Japan may face retaliation from the U.S.

Just hours after flying into Washington, Japanese Deputy Foreign Minister Sadayuki Hayashi, the lead Japanese negotiator, sat down for talks with Deputy U.S. Trade Representative Charlene Barshevsky.

Officials described the meeting, held over dinner, as an informal gathering for the two chief negotiators to discuss procedural matters, and presumably to feel out each other's position.

A full-scale negotiation session will begin Friday morning (Friday night Japan time), U.S. officials said.

While the outcome of the talks was uncertain, currency traders in New York pushed up the dollar to 100 yen earlier in the day apparently in anticipation of a breakthrough in the negotiations.

According to Japanese Government sources in Tokyo, Hayashi was expected to offer new proposals designed to ease the entry of foreign firms into the Japanese Government procurement market.

One proposal is that major Japanese Government entities will brief both Japanese and foreign firms every year on their procurement plans and seek advice from foreign firms before they set technical specifications on telecommunications and medical equipment to be purchased by the government, the sources said.

Japan also plans to offer a lower threshold on the value of government contracts that would be open to international bids, the sources said.

The talks in Washington came only four days after the two sides had an extensive negotiation session in Hong Kong.

Barshevsky told reporters in a break during a congressional hearing Thursday on China the meetings in Hong Kong yielded "minimal progress."

Apart from holding talks with Barshevsky, Hayashi is also tentatively scheduled to meet with U.S. Trade Representative Mickey Kantor on Friday, a U.S. official said.

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Takemura: 'Poised' for Agreement

OW2907035794 Tokyo KYODO in English 0349 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Japan and the United States are poised to reach an agreement on Japan's government procurement by the U.S. imposed deadline of July 31, Finance Minister Masayoshi Takemura suggested Friday.

"Both sides are narrowing their gaps" with compromise offers, Takemura told reporters after a meeting of trade-related ministers held soon after a morning cabinet meeting.

Japan and the U.S. are now holding a subcabinet-level session in Washington on Japan's procurement of medical and telecommunications equipment under the "framework" trade talks.

The trade-related ministers met to confirm a "final" policy to convey to negotiators in Washington, Takemura said.

He added that there is a possibility of holding a cabinet-level session.

"I wish the talks will be concluded, and even if not, we will tenaciously continue" to reach agreement during the two-month period the U.S. imposes after designating a particular trade area as unfair for possible sanctions, Takemura said.

Hashimoto: Tokyo To 'Maximize Efforts'

OW2907040994 Tokyo KYODO in English 0352 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Prime Minister Tomiichi Murayama and key cabinet members have agreed to maximize efforts to bring trade "framework" talks over government procurement to an early solution, International Trade and Industry Minister Ryutaro Hashimoto said Friday [29 July].

Hashimoto was briefing reporters on Friday morning's unscheduled meeting between Murayama and four key members of his cabinet—Chief Cabinet Secretary Kozo Igarashi, Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura and Hashimoto.

These cabinet members are believed to have discussed ways to fend off trade sanctions by Washington over its dispute with Japan over government procurement of telecommunications and medical equipment.

Hashimoto said the prime minister and the four cabinet members agreed to keep silence about specific contents discussed, citing possible negative effects on the ongoing trade talks in Washington.

Washington is to decide by the end of July whether or not to name Japan as an unfair trade partner in government procurement, a decision that would lead to the start of procedure for slapping sanctions in line with a domestic law.

In Washington, Japan's Deputy Foreign Minister Sadayuki Hayashi and Deputy U.S. Trade Representative Charlene Barshevsky are making last-ditch efforts to wrap up the trade dispute before the July 31 deadline.

"The cabinet of Prime Minister Murayama will put all its stake on settlement of the trade issue," Hashimoto said.

On the prospect for a breakthrough before July 31, Hashimoto said he is "neither optimistic nor pessimistic."

Concern About Possible U.S. Sanctions

OW2907093094 Tokyo KYODO in English 0803 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Whether the U.S. will decide, by its Sunday deadline, to slap trade sanctions on

Japan over government procurement practices, is gripping the attention of Japanese politicians, bureaucrats and business circles.

Prime Minister Tomiichi Murayama and key trade-related ministers held an unscheduled meeting Friday [29 July] morning in a last-ditch effort to fend off potential trade sanctions by Washington.

The ministers were tight-lipped about the details of their meeting but they are believed to have discussed ways to avoid punitive U.S. actions in response to its dispute with Japan over government procurement of telecommunications and medical equipment.

Senior Japanese and U.S. trade negotiators began a make-or-break round of trade talks Thursday night in Washington. They will likely continue their negotiations right up to the U.S.-set deadline—midnight Sunday in Washington—to come up with a solution, or Japan may face retaliation from the U.S.

Finance Minister Masayoshi Takemura suggested Friday the two countries are poised to reach an agreement on Japan's government procurement by the deadline. But International Trade and Industry Minister Ryutaro Hashimoto said he is "neither optimistic nor pessimistic."

"Both sides are narrowing their gaps" with new compromise offers, Takemura told reporters after the meeting of key trade-related ministers.

The ministers' urgent meeting on Friday, which followed a regular cabinet meeting, was to confirm a "final" policy to be conveyed to the negotiators in Washington, Takemura said.

"I hope the talks will be concluded, but even if not, we will tenaciously continue" to work for an agreement during the two-month period the U.S. imposes after designating a particular Japanese trade area as unfair and subject to possible sanctions, he added.

The Sunday deadline was the third set by the U.S.—after April 30 and June 30—for settlement of the ongoing disputes on Japanese Government procurement practices. Deputy U.S. Trade Representative Charlene Barshefsky, leading the U.S. negotiating team, said the deadline will not be extended this time.

Japanese Government sources said Japan is offering a new compromise designed to break an impasse in the trade "framework" talks, including a requirement for major Japanese Government bodies to brief Japanese and foreign bidders every year on their procurement plans and seek their advice before setting technical specifications.

U.S. Undersecretary of Commerce Jeffrey Garten told Congress earlier this week the two sides remained at odds over the so-called "best overall value system" for awarding procurements. The U.S. Government has been pressing Japan to use the system because it would require government bodies to base their procurement decisions on total life-cycle costs and the quality of technology rather than on lowest price, Garten said.

He also said Japanese negotiators have resisted a U.S. call for Japan to issue a "high-level" directive, encouraging procuring bodies to seek competitive foreign suppliers.

On the domestic front, the Liberal Democratic Party [LDP] plans to send its first-ever representative to an international rally against nuclear weapons to be held Thursday in Hiroshima, in consideration for the policies of the Social Democratic Party [SDP], its partner in the ruling coalition.

Deputy Prime Minister and Foreign Minister Yohei Kono, who heads the LDP, and LDP Secretary General Yoshiro Mori will also attend peace memorial ceremonies in Hiroshima on Aug. 6 and Nagasaki on Aug. 9, the anniversaries of the A-bombing of those cities.

The conservative-led LDP was never represented in past such rallies during its 38-year monopoly on power to mid-1993.

After being ideological adversaries for decades, the LDP and the SDP joined hands late last month to sweep SDP Chairman Murayama to the Japanese premiership to replace Tsutomu Hata.

An international symposium on AIDS will be held in Kyoto on Wednesday and Thursday to combat discrimination and prejudice against AIDS patients and carriers of the virus that causes the deadly syndrome, organizers said.

The symposium is sponsored by civic groups in western Japan working to support people infected with the human immunodeficiency virus (HIV) and those who have developed AIDS. It will precede the 10th International AIDS Conference in Yokohama set for Aug. 7-12.

On the international front, Japan will host a meeting on the environment in the Middle East on Sunday and Monday in Cairo, the Foreign Ministry said.

Representatives from 20 countries are expected to attend the meeting, which is part of the activities of five working groups on the multilateral track of the Middle East peace process.

The working groups are on arms control and regional security, water, the environment, regional economic development, and refugees.

Semiconductor Accord Signed With U.S.

MITI Official Comments

OW2807115694 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Jul 94 Evening Edition p 2

[Text] The reason why Japan needs to maintain the Japan-U.S. Semiconductor Agreement is because it thinks that "it should not create a new problem which can incite the United States now when the Japan-U.S. framework talks are having a rough sailing," an official of the Ministry of International Trade and Industry [MITI] has said. Japan claims that it has obtained U.S. concurrence on definition of market shares that they "do not mean numerical targets." But if foreign products' shares drop again in the future, it is likely that the United States will step up its demand on market liberalization. Thus it can be said that Japan's this position is one intended only to put off a solution.

Foreign semiconductors' share in the Japanese market has been around 20 percent since the second half of last year, and the sales volume has steadily risen as well. Their share in the January-March 1994 period was above 20 percent. With the U.S. pressure on Japan easing, it was a good time to terminate the agreement. From the Japanese manufacturing industry, there have been voices saying, "The agreement should be terminated before the United States begins to put pressure again."

Regarding the decision on maintaining the agreement, the MITI said, "Japan and the U.S. industries can continue to cooperate as in the past." But If the domestic economy continues to be stagnant as a result of the yen appreication, it is possible that the share of the foreign products will fall once again. Discussions on what needs to be done after 1996 when the agreement expires will come henceforth. But some people are concerned, saying, "If the U.S. semiconductor market is bad in two years from now, they will mount pressure on Japan."

Article Views Accord

OW2907061094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 28 Jul 94 Morning Edition p 5

[Unattributed article: "The Japan-U.S. Semiconductor Agreement Will Be Continued for Two More Years—Abolition of the Agreement in 1996 Is Unclear"]

[Text] It has been decided that the Japan-U.S. Semiconductor Agreement will continue until the end of July in 1996, when it is supposed to expire. Although the Japanese Government called for an early discontinuance of the agreement taking advantage of the current favorable condition in the semiconductor industry, the U.S. Government, which demanded the continuance, pushed its own way. Since self-restraint accords on exports of automobiles and other goods to the United States have been abolished one after another, the semiconductor industry is the only sector in which managed trade between Japan and the United States is clearly seen. U.S. producers have now regained their competitive strength, and the balance of power between Japanese and U.S. companies is about to be reversed. Under such circumstances, the "anomalous situation" in which Japan cooperates with the United States has continued in the semiconductor field. The Ministry of International Trade and Industry [MITI] is being urged to draw up a new strategy with a view toward abolishing the semiconductor agreement in two years.

In addition to the automobile industry, the semiconductor industry has been viewed as a symbol of economic friction between Japan and the United States since 1986, when the agreement was first concluded.

Regulations on exports to the United States were successively abolished. For instance, self-restraint measures on automobile exports were abolished at the end of March this year, and similar regulations on steel and machine tools were abolished a few years ago. Presented with this situation, the abolition of the semiconductor agreement was the last task for MITI.

While the Japanese semiconductor industry says that "at present there is no need to raise a commotion over the agreement and to demand its abolition," its underlying persuasion is that "the agreement is unnecessary," (as stated by NEC Corporation Chairman Tadahiro Sekimoto).

Nevertheless, it is still uncertain whether the agreement will be smoothly abolished in 1996. Although the share of foreign-made semiconductors on the Japanese market exceeds 20 percent, there is no guarantee that this situation will continue for the next two years. A senior MITI official expressed his views candidly, saying: "The increase in the share of foreign-made semiconductors enhances the final days of the agreement. It was a good chance to abolish the agreement, because the Japanese and U.S. industries are currently in a honeymoon period."

Self-restraints on exports of automobiles and steel products to the United States have lasted more than ten years, although the Japanese and U.S. private sectors have engaged in cooperative ventures. (According to an executive of a major semiconductor maker), "it is necessary to be armed with a different theory from the previous one in order to persuade the United States to accept the abolition of the semiconductor agreement." With the agreement scheduled to expire in 1996, MITI will likely face difficulties in drawing up a new strategy.

Nippon Steel Enters Semiconductor Computer Market

OW2807095894 Tokyo KYODO in English 0859 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Nippon Steel Corp., a major steel manufacturer in Japan, said Thursday it has developed four types of large scale integrated (LSI) circuits for use in industrial video game machines as its first venture in the semiconductor business.

It will market computer chips from October with an eye on the forthcoming multimedia era, company officials said.

The chips the company has developed include one capable of handling several hundred sounds and one with telecommunication functions that are to make video games to more "realistic," according to the officials.

They said the domestic market of video game machine chips is about 20 billion yen annually. Nippon steel will develop chips and produce them on consignment, then sell them on the domestic market.

The first year's sales are projected to be about 300 million yen, the officials said.

Murayama: DPRK Talks Depend on Nuclear Issue

OW2907142194 Tokyo KYODO in English 1349 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Prime Minister Tomiichi Murayama said Friday [29 July] that Japan may resume diplomatic talks with North Korea [DPRK] if the dispute over its alleged nuclear arms program is settled.

"We are ready to reopen the talks, depending on North Korea's stance," Murayama said in a meeting with South Korean reporters.

"(But) that would be difficult unless the nuclear issue is solved," he said.

Murayama also said he established good personal ties with South Korean President Kim Yong-sam during his visit to Seoul last weekend.

Military Attaches To Go to SRV, Saudi Arabia

OW2907101194 Tokyo KYODO in English 0931 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The Japanese Government plans to send military attaches to Vietnam and Saudi Arabia and increase from one to two the number of military attaches in China, a Japanese daily said Friday.

Quoting Defense Agency sources, the SANKEI SHIMBUN said the move to appoint the first attache to Vietnam since the country's unification in 1975 and an additional one to China reflects an interest in the Asia-Pacific security situation in the aftermath of the Cold War, as well as a desire to build mutual trust between those countries and Japan.

It said the attaches will monitor issues of concern to Japan regarding defense, including the problem of North Korea's nuclear program and territorial disputes over the Spratly islands in the South China Sea.

The military attache to Saudi Arabia will be Japan's first ever in that country. Japan currently has a total of 40 military attaches in 31 countries.

The paper said the new appointments will result from a review, undertaken with the Foreign Ministry since 1991, of the system of dispatching military attaches abroad in order to adapt to changed military conditions since the end of the Cold War.

The paper said the attaches will leave Japan as early as next spring.

Murayama's First Month as Prime Minister Viewed

OW2907024694 Tokyo KYODO in English 0050 GMT 29 Jul 94

["News Focus" by Takehiko Kajita: "Murayama Weathers First Month Easting Concern Over Government"]

[Text] Tokyo, July 29 KYODO—Since his unexpected ascent to power a month ago, Prime Minister Tomiichi Murayama has been busy trying to alleviate misgivings at home and abroad about his administration's credibility, following the partnership between his Social Democratic Party (SDP) and its longtime conservative foe, the Liberal Democratic Party (LDP).

Domestically, the premier made major decisions to shift his party's traditional policies on major issues chiefly to stave off criticism from the opposition camp that the current coalition is an "unprincipled alliance."

Murayama, in his inaugural policy speech before parliament last week, said he will "firmly maintain" the Japan-U.S. Security Treaty, which the SDP once demanded be annulled.

At a parliamentary session that followed, the 70-year-old premier also proclaimed he recognizes Japan's Self-Defense Forces (SDF) as constitutional, a dramatic reversal of his party's pacifist policy.

Stepping further aside from the SDP's platform, Murayama expressed his readiness to allow new nuclear power plants to be built in view of the demand for electricity. The SDP had opposed the construction of new atomic power stations and sought to scrap all the existing ones.

The SDP had been widely criticized for having unrealistic and dogmatic policies on key issues and many said the party would never be able to take the reins of government unless it jettisoned those policies.

Ironically, the SDP reversed its major policies after forming a coalition government with the LDP, the party that had ruled Japan for 38 years until last August, and had always appealed to voters not to transfer power to the SDP.

On the international scene, Murayama also strove to dispel doubts about his cabinet, especially about its ability to tackle the numerous challenges facing the nation.

At the annual summit of the Group of Seven leading economic powers in Naples, Italy, Murayama conferred with U.S. President Bill Clinton and reassured him that Tokyo will keep its established foreign policies intact and maintain bilateral security arrangements.

To Murayama's relief, Clinton expressed satisfaction with his promise on the continuity of Japan's foreign policies.

Murayama, Japan's first socialist prime minister in 47 years, visited South Korea last weekend to allay South Korean concerns about his government's stance toward the Korean peninsula.

As the SDP has enjoyed a uniquely close relationship with North Korea's ruling Workers Party of Korea and until recently did not recognize South Korea as a sovereign nation, speculation was rife in South Korea that the new government in Tokyo will not deal squarely with Pyongyang's alleged push for nuclear arms.

During his meeting with South Korean President Kim Yong-sam, Murayama explained his administration's plan to adhere to Japan's conventional foreign policies, including the policy of cooperation with South Korea.

He also concurred with the South Korean leader on joint action to urge North Korea to dispel suspicions about its nuclear program and become a "responsible" member of international society.

Although public support for the Murayama cabinet remains low with disapproval ratings surpassing approval ones in all opinion polls, the premier appears satisfied with what he has done during his first busy month in office.

Asked how he evaluates his performance as prime minister so far, Murayama told reporters Thursday, "well, I believe I have tried my best. Assessment is something other people make and all I have to do from now on is just work furiously."

The opposition camp, for its part, has fired salvos at the Murayama administration which commands a comfortable majority in parliament.

Opposition leader Ichiro Ozawa, now on a weeklong tour of the U.S. from Sunday, predicted Tuesday that the Murayama cabinet will definitely come unstuck when it needs to handle specific policy challenges and therefore will not last long.

Chief Cabinet Secretary Kozo Igarashi disputed Ozawa's argument, saying, "I feel sorry not to live up to his expectations, but we wish to meet the people's expectations as a stable and powerful cabinet."

Tadashi Iyasu, a political sociology professor at Ryukoku University, said the current coalition will survive longer than initially anticipated unless it makes some serious mistakes.

"The opposition camp will find no opportunity to catch the ruling coalition off guard if their rivals do not make any big blunders," Iyasu said.

Ozawa: More Open Nation With Opposition in Power

OW2907003294 Tokyo KYODO in English 2324 GMT 28 Jul 94

[Text] Washington, July 28 KYODO—Japan's opposition leader Ichiro Ozawa assured the United States on Thursday [28 July] that Japan will play an active international peacekeeping role and make it easier for foreign goods to enter the country once the opposition returns to power.

Ozawa said he is confident that day is not far off because the present socialist-led coalition dominated by the Liberal Democratic Party (LDP) will not last long.

"I am convinced that they and the Liberal Democrats will not be able to overcome their many policy differences and come together as a single group," Ozawa told an audience at the National Press Club.

Ozawa, co-founder of Shinseito (Japan Renewal Party), an LDP splinter, and chief strategist of the previous coalition led first by Morihiro Hosokawa and then Tsutomu Hata, was on a private mission to the United States for talks with American political leaders.

He called on Vice President Al Gore earlier Thursday, and met with congressional leaders and senior aides to President Bill Clinton on Wednesday.

In his address and a subsequent question-and-answer session at the National Press Club, Ozawa portrayed the current government under Prime Minister Tomiichi Murayama as a marriage of convenience among ideologically incompatible political forces with the sole intent to maintain the status quo.

"Many Japanese think the formation of a Liberal Democratic Party-Social Democratic Party government is bound to push back the restructuring of our political world," he said.

"I believe, however, the reverse is true and the turnabout in politics will be hastened, not delayed."

Ozawa cited Japan's international peacekeeping role and commitment to political and economic reform as two areas currently dividing the ruling coalition and the opposition camp.

Ozawa said Japan should play a more active role in international peacekeeping and he branded the country's self-imposed legal constraints as "selfish pacifism."

"It is perfectly natural for the United States and others to strongly demand that Japan play an appropriate role" in international peacekeeping, he said.

Ozawa said Japan's neighbors in Asia should have no cause for concern of a more activist Japan, arguing that Japan has no intention of "going its own way" in international peacekeeping activities.

All Japanese peacekeeping operations will be taken "within the United Nations context," he said.

On the issue of deregulating Japan's economy, Ozawa said there is no easy way to change a society given to regulation, echoing a theme in the best-seller book, "blueprint for building a new Japan."

"Legal and administrative regulations penetrate every sector of our society, every nook and cranny of our lives. We have lived comfortably to the present day in this kind of framework," he said.

But Ozawa said Japan must change "for our own sakes."

It is through deregulation that the Japanese can turn their society "freer and more open to the international world," he said.

Murayama Vows To Meet Public Expectations

OW2907080394 Tokyo KYODO in English 0754 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Prime Minister Tomiichi Murayama on Friday [29 July] vowed efforts to put to use his experience as head of government for the past month and live up to the expectations of the Japanese people.

"It was a very long month," the premier told reporters at his official residence. "But I believe I have managed to fulfill my duty with everyone's cooperation."

Murayama, 70, assumed office on June 29 as Japan's first socialist premier in 47 years and fourth leader in a year, leading the tripartite coalition comprising his Social Democratic Party, the conservative Liberal Democratic Party and New Party Sakigake [Harbinger].

"Through this experience, I came to be aware the prime minister is set a big task and shoulders a heavy responsibility," he said. "I am now determined to live up to the expectations of Japanese people by making use of this experience."

The premier disputed opposition leader Ichiro Ozawa's recent remark predicting the Murayama administration will be short-lived, saying the ruling coalition that holds a comfortable majority in parliament will be able to meet the public demands for a stable government.

New Government's Chance for Survival Discussed

OW2907093294 Tokyo AERA in Japanese 11 Jul 94 pp 13-15

[Article by AERA editors Koji Matsuzaki and Yuri Oiwa: "The New Tripartite Government May Last a Long Time, Thanks To Possible Logrolling Between the LDP and the SDPJ"]

[Text] The birth of the first socialist prime minister of Japan in 47 years was no doubt a big surprise to everyone. People must have immediately thought that the new government led by Chairman Tomiichi Murayama of the Social Democratic Party of Japan [SDPJ] would be short-lived.

The new ruling coalition is composed of the Liberal Democratic Party [LDP], the SDPJ, and New Party Sakigake [Harbinger]. It is quite logical to think that the alliance between the LDP and the SDPJ would not last long, because the two parties are like oil and water. Since the LDP was formed through a merger of two conservative parties in 1955, and since the SDPJ was rebuilt that same year following a reconciliation between its right and left wings, the two parties have been antagonistic toward each other for almost four decades, with the LDP as the unshakable ruler, and the SDPJ as the main opposition force.

However, many politicians, as well as many political analysts, believe the new tripartite government will last long, contrary to people's expectations.

On the opposition side, Satsuki Eda, coleader of the Japan New Party, thinks that the LDP and the SDPJ may not fall out with each other in a bid to remain in power.

"The LDP and the SDPJ are the very political parties that supported the so-called 1955 political setup, under which the two parties acted in concert behind the scenes in order to share interests. They have now simply been compelled to join hands openly. Therefore, there is a great possibility that the two parties may logroll for the sake of mutual interests," Eda said.

"There Are No Insurmountable Differences Between the LDP and the SDPJ"

Political analyst Kiyoshi Iijima is more explicit. "The so-called 1955 political order, which was created because of the East-West confrontation, collapsed in coincidence with the end of the Cold War. Since this major premise has disappeared, there is no surprise in the development of an alliance between the LDP and the SDPJ. The two parties have several obstacles to clear, but their alliance may, surprisingly, last a long time. Everything will depend on how they proceed," Iijima said.

Everyone in the political world shares the same opinion that, despite some trouble, the new tripartite government will last at least until the Diet passes a redistricting bill. The first hurdle to be cleared by the LDP and the SDPJ is how to adjust their differences over such policy issues as tax reform and security.

Both parties are fully aware of their policy rifts on key issues. "If the LDP and the SDPJ hold a thorough discussion on such issues as tax reform and security, they will inevitably be confronted with conflicts of opinion. So the question is how to deal with such a situation," said Taro Nakayama, who is the leader of an LDP subgroup called Sasshin no Kai.

Entertaining a hope that the SDPJ has really changed, thanks to its recent experience as a ruling party, many LDP politicians think that the policy differences between the LDP and the SDPJ are surmountable through discussions.

"The SDPJ cannot have everything its own way, since it has decided to form a coalition government with its partners. If the Socialists are fully aware of this, the Murayama administration will be able to devise well-balanced policies," said LDP lawmaker Muneo Suzuki.

Former Posts and Telecommunications Minister Junichiro Koizumi shares the same view: "The SDPJ's way of thinking has considerably changed. So there is no insurmountable difference between the LDP and the SDPJ."

SDPJ lawmaker Sadao Wada also believes that the two parties will be able to reach policy agreement, although he views the situation from a different angle. "If we can act in perfect harmony with Sakigake, we will be able to prevail over the LDP. For instance, unlike Shinseito, the LDP has already agreed to deal with the tax reform issue without rushing," Wada said.

Sakigake lawmaker Susumu Yanase is also confident about the future of the tripartite alliance. "We have decided to set up a policy-coordination panel within our coalition. This was also accepted by senior LDP members," he said.

Meanwhile, some opposition members already fear that the new tripartite alliance may remain in power for a long time. "The LDP will devote its time to bring the SDPJ around. If the SDPJ maintains its rigid stance as before, the tripartite alliance will collapse sooner or later. However, if the SDPJ decides to take a compromising attitude, the tripartite alliance may last long, because the SDPJ will be absorbed by the LDP, while losing its raison d'etre," said Takenori Kanzaki, Komeito's floor leader.

The Solidarity of the Eight Parties That Formed the Previous Ruling Coalition Is Now Shaky

The Murayama Cabinet was inaugurated on 30 June. Many political experts are surprisingly rating the new Cabinet lineup high.

"The right men were put in the right places. There are many experts in the new Cabinet. For instance, Agriculture, Forestry, and Fisheries Minister Taichiro Okawara once served as administrative vice-minister of that very body. Finance Minister Masayoshi Takemura is very shrewd. He will probably try to delay raising the consumption tax. The new Cabinet also features Makiko Tanaka, who has a high popularity rating as an energetic speaker," said professor Masayuki Fukuoka of Hakuo University.

Iijima also welcomes the new Cabinet lineup. "A Cabinet is always a mixture of wheat and chaff. The main point is that members are named to key posts. The appointment of LDP President Yohei Kono as deputy prime minister and foreign minister, and the appointment of Ryutaro Hashimoto as international trade and industry minister, answer our expectations, because they are not the kind of people who do exactly as the bureaucrats say," Iijima said.

The big problem with the opposition is that it will have no good options when the three parties in the ruling coalition reach firm agreement on policies.

"The fact is that there is not much difference in policies between the ruling tripartite alliance and the non-communist opposition. In the past, the opposition did nothing but oppose everything the government wanted to do. However, regarding the eight parties that were just driven from power, they cannot be content to just criticize the government. They have to make policy proposals in order to appeal to the public. For instance, if they do not present a detailed plan on tax reform ahead of the government, they will not be able to win public recognition," said Eda.

As for tax reform and the revision of the Self-Defense Forces Law, the eight opposition parties cannot strongly oppose the Murayama government, which is expected to follow the same line as theirs. Concerning the compilation of the national budget, there is also no big difference between the ruling tripartite alliance and the eight opposition parties.

Moreover, what is more serious is that the solidarity of the eight opposition parties is becoming shaky. Many opposition members are now expressing their dissatisfaction with Shinseito coleader Ichiro Ozawa, the mastermind behind the two previous governments, following the failure of Ozawa's plan to help elect former Prime Minister Toshiki Kaifu to the nation's top post. Until now, things have nearly turned out as Ozawa desired, although his arm-twisting tactics were always at issue. This time, Ozawa's failed attempt to push for Kaifu's election has perturbed his followers, according to Iijima.

Rengo Will Keep Its Distance From the Murayama Government

Meanwhile, the powerful Japan Trade Union Confederation [Rengo] said it will point out rights and wrongs as it sees them in assessing the policies of the new tripartite government. "What does 'non-LDP forces' mean? Rengo members have never talked about this. The political framework of "LDP versus non-LDP" has lost its meaning. Now, Japanese politics should progress centering on important policies, such as foreign and defense policies," said Rengo President Akira Yamagishi.

He said that, but he still remains hostile to the LDP. He added that it would be difficult for Rengo to cooperate with the LDP for the next elections, and that he will not invite LDP lawmakers to participate in Rengo's political forum, which is expected to be launched in July.

How to prepare for the upcoming upper house election is a big problem for the new tripartite government. An upper house election is to be held in the summer of 1995.

On July 5, the LDP will announce a list of possible candidates running for the upcoming upper house election. At this moment, the LDP plans to endorse a total of 20 candidates in electoral districts, and field nine more candidates under the proportional-representation formula. After it went out of power, the LDP had difficulty in finding candidates.

"To tell the truth, no one wanted to run for the upcoming upper house election as an LDP candidate. This is why we can field fewer candidates than before. However, as we just came back to power, there might be more people wishing to run on the LDP ticket. Therefore, it is certain that electoral cooperation with the SDPJ will become difficult," said an executive member of the LDP Election Committee.

Five years ago, 23 candidates endorsed by the SDPJ and Rengo were elected to the upper house. They all defeated LDP candidates in single-seat electoral districts, crying against the introduction of a consumption tax and the liberalization of the rice market, and denouncing the LDP for its involvement in the Recruit bribery scandal. These 23 councillors are expected to seek reelection next year. Therefore, their treatment will become a delicate issue, in case the LDP and the SDPJ agree to work in close cooperation in the upcoming upper house election.

It Is As If Dracula Married Oiwa [heroine in the popular Japanese ghost story "Yotsuya Kaidan"]

For Nakayama, electoral cooperation between the LDP and the SDPJ seems to be difficult. "After the inauguration of the Murayama cabinet, I spoke with some SDPJ members. They told me that labor unions would never accept supporting the LDP. There are many LDP and SDPJ members who cannot get rid of the 1955 political setup. After all, those who criticized capitalism when they were young cannot wipe out their past," Nakayama said.

The upcoming upper house election may cause some degree of friction between the LDP and the SDPJ. However, if the discord does not prove decisive, it will become possible for the LDP and the SDPJ to continue to act in concert and to postpone the dissolution of the lower house, despite a call that the Diet should be dissolved for a general election as soon as the new single-seat electoral system is put into effect. Some LDP members already expect that the next general election will not be held at an early stage.

"We should try to maintain the tripartite alliance so that we can compile the national budget at least for two consecutive years. We should launch a slow but steady attack on our rival parties. We want the next general election to take place only after we recover our strength," a senior LDP member said.

Professor Fukuoka did not hesitate to say that the tripartite alliance has a fair chance to remain in power for a long time. "The alliance between the LDP and the SDPJ appears to be a marriage between two monsters. It is as if Dracula married Oiwa. This is not a happy event, and this is why the Murayama government's initial approval rating is no more than 30 percent. People expect almost nothing from the tripartite government. Conversely speaking, this means that its approval rating may suddenly increase if the Murayama government can appeal to the public by achieving something. If so, it will become difficult for the opposition to push through a no-confidence motion against Prime Minister Murayama. If the tripartite government can survive the first three months, then it will able to proceed to the compilation of a new budget for the next fiscal year and to pass the budget bill without hurry before the end of the year. Its approval rating may increase gradually, so that in the end the tripartite government may remain in power for a long time," Fukuoka said.

Murayama in Hospital for 'Full Medical Checkup'

OW2907131794 Tokyo KYODO in English 1258 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Prime Minister Tomiichi Murayama entered a hospital in Tokyo on Friday [29 July] for a full medical checkup, a chief government spokesman said.

Murayama will receive a full range of medical examinations through Saturday morning, Chief Cabinet Secretary Kozo Igarashi said, stressing it is "regular" examination.

Murayama was hospitalized in Naples, Italy, in early July during a summit of the Group of Seven leading industrialized countries for acute gastroenteritis after eating too much Italian food.

SDPJ Secretary General Kubo Discusses Issues

Views Government Policies

OW2507100694

[Editorial Report] Tokyo Asahi Newstar Television Network in Japanese at 1147 GMT on 17 July during its weekly "Sunday Project" program, carries a 10-minute live interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ], followed by a 19-minute live discussion moderated by freelance commentator Soichiro Tahara, among Wataru Kubo; Junichiro Koizumi, lower house member of the Liberal Democratic Party [LDP]; "Insider" magazine chief editor Hajime Takano; Kyoto University Professor Masaaki Kosaka; and Hajime Funada, lower house member of Shinseito [Japan Renewal Party] who joins the discussion via remote hookup from the Utsunomiya studio.

At 1147 GMT, Tahara begins the Kubo interview by asking which was the better choice for him—to ally with the former Shinseito, Komeito, and Democratic Socialist Party [DSP] coalition, or to ally with the LDP. Kubo replies: "It is very difficult to say which was better. However, there is no change in my belief that putting an end to so-called LDP domination of politics is a first step for political reform." Kubo adds the formation of a political coalition is a major trend that cannot be avoided. Tahara questions whether the LDP formed the coalition government with the SDPJ in a bid to return to power. In reviewing SDPJ-LDP summit talks prior to formation of the coalition, Kubo asserts that formation of the Murayama administration will not lead to a revival of LDP one-party rule.

Asked about policy-coordination talks between the SDPJ and former ruling coalition, Kubo says: "If a policy accord had been reached between the SDPJ and the former ruling coalition, we would have chosen to form an administration with them." Questioned on the difference between the current SDPJ-LDP administration and the past SDPJ-ex ruling coalition administration, Kubo says the SDPJ is now able to do what it wants to based on the prime minister's power and authority.

At 1155 GMT, Tahara asks whether or not the SDPJ will change its stand on the unconstitutionality of the Self-Defense Forces [SDF]. Kubo says: "There were various opinions within the party. However, now that the SDPJ has assumed the reins of government, I think the intraparty debate concerning the SDF issue is over." He adds that the party's unified view toward promoting reform is on disarmament. When Tahara asks whether the SDPJ will really change itself, Kubo replies: "It will. If the party does not change itself, it cannot form a coalition government." Kubo says the LDP also needs to change itself to share political power with the SDPJ.

At 1159 GMT, following a 2-minute commercial break, Tahara begins to moderate the studio discussion. Asked about problems with the Murayama administration, Funada says the major one is that the LDP and SDPJ have formed an administration while preserving the so-called 1955 political regime [post-1955 political order dominated by the LDP]. In giving his views of the so-called 1955 political regime, Koizumi says Funada's idea is an anachronism. In refuting Tahara's criticism of the lack of policy agreements in the LDP-SDPJ coalition, Koizumi states that it is not surprising the SDPJ, which was once allied with Shinseito, has now formed a coalition with the LDP. He says the SDPJ changed after joining the Hosokawa administration: "Now is the process of transforming it into a stable coalition administration."

Regarding LDP-SDPJ common ground, Kubo asserts that while the LDP's basic stance in building a stable administration is to pursue a government that cares about people and the environment, the SDPJ's is to create a state that cares about nature and the people. Asked about what the Murayama administration hopes to do in concrete terms, Kubo says: "The first thing is disarmament. This is the major international trend. I think the current administration bears great responsibility for Japan's efforts to promote disarmament amid such a trend." Kubo adds that the administration needs to tackle such issues as human rights, the environment, and welfare.

In asserting that the Murayama administration lacks a clear vision on pending issues, Funada stresses the government should publicly indicate a blueprint for drastic tax reform by the end of this year. In response, Kubo says: "Because tax reduction is a commitment to the international community, it will continue tax reductions." He adds that it is necessary to promote tax reform while considering various factors such as economic trends and welfare policies. Funada reiterates the need for the government to reach a conclusion on tax reform by the year-end.

While stating that it is questionable whether the LDP and SDPJ have changed, Takano says the two parties need to demonstrate a determination to break away from old traditions. Koizumi says the SDPJ will become a responsible party following formation of the Murayama administration. Kubo asserts: "I think there is a foundation on which the ruling and opposition parties will thoroughly discuss how to manage Japan's future politics."

The discussion concludes at 1220 GMT.

Comments on Policy Changes

OW2507092194

[Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 24 July during its regularly scheduled "Sunday Discussion" program, carries a 24-minute live interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ], by NHK commentator Takashi Yamamoto and Hokkaido University Professor Jiro Yamaguchi, via remote hookup from the NHK studio in Kagoshima.

Referring to the series of recent remarks made by Prime Minister Murayama at the Diet, Yamamoto asks Kubo why the SDPJ suddenly changed its party policies. Kubo explains the need for the party, whose chairman is prime minister, to assume a realistic stance. He says: "We will continue to uphold the doctrine and ideals of the constitution. However, if we are to remain in power and promote a reform of this ideology, we have no choice but to admit the reality step by step." Asked why the party suddenly made these changes without prior discussion, Kubo says: "In this regard, we had discussions within the party; but, the party joined the government and our leader became prime minister before we could complete these discussions."

Yamamoto continues to ask Kubo if, when it became a ruling party, the SDPJ realized its ideologies regarding defense issues, including constitutionality of the Self-Defense Forces [SDF], were unrealistic. In response, Kubo says: "We reached the stage at which we needed to tell people we had to accept things—things which it is natural for a ruling party to accept—as our policies." Kubo then explains the SDPJ needs to recognize the reality to promote reform.

On the unarmed neutrality policy the SDPJ advocated for a long time, Yamamoto asks if the party agrees with the prime minister who said the policy's role has come to an end. Kubo says: "In this regard, I think the prime minister was short of explanations because the concept of unarmed neutrality was in opposition to the Japan-U.S. Security Treaty and SDF buildup plan during the Cold War era. Under such circumstances, I think our strong insistence on the unarmed neutrality policy played a role in discouraging military buildup and easing military tension." He continues: "Unarmed neutrality will continue to be our objective and is the spirit of the constitution." Asked if the SDPJ will retain the unarmed neutrality policy, Kubo says: "That is right. The SDPJ's existence will have no meaning if we give up the doctrine or ideal of the constitution."

On the issue of the national flag and anthem, Kubo says: "Nobody thinks national flags and anthems are unnecessary in international society. In the past, discussions were conducted which divided public opinion in two. However, as the prime minister said, the reality is that people accept the Rising-Sun flag and Kimigayo as the national flag and anthem, respectively." Kubo then goes on to explain the need for the party to adapt to a rapidly changing world situation and to even change its name if necessary.

The interview concludes at 0024 GMT.

Tokyo Posts 2d Straight Year of Budget Deficit

OW2907084994 Tokyo KYODO in English 0638 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The government posted a revenue shortfall of 566.3 billion yen in fiscal 1993 ended March 31 to mark the second straight year of budget deficit due to sluggish tax income, the Finance Ministry said Friday [29 July].

The deficit, however, turned out to be 1.7 billion yen smaller than an estimated 568 billion yen deficit announced by the ministry in early July as tax revenues were larger than projected, a ministry official told reporters.

Tax revenues for fiscal 1993 came to 54,126.2 billion yen, down 0.6 percent from the previous year to post the third straight decline, and 1,553.8 billion yen, or 2.8 percent, short of estimates in the revised budget to mark the second consecutive year of shortage.

After peaking at 60,105.9 billion yen in fiscal 1990, tax revenue has fallen for three years in a row for the first time since the end of World War II.

The budget deficit resulted even though the tax revenue shortfall was partly covered by nontax revenue of 316.5 billion yen, and unnecessary expenditures such as bond servicing costs worth 672.7 billion yen.

The shortage will be fully covered by borrowing from the National Debt Consolidation Fund but by law the money must be returned with the fiscal 1995 budget, the official said.

Cabinet To Adopt 4.7 Percent Budget Growth Ceiling

OW2907001094 Tokyo KYODO in English 2314 GMT 28 Jul 94

[Text] Tokyo, July 29 KYODO—Prime Minister Tomiichi Murayama's cabinet will impose a 4.7 percent growth ceiling on general operating expenditures from ministries and agencies in the fiscal 1995 budget, government sources said Friday [29 July].

The government will decide on the budget ceiling at a regular cabinet session Friday morning.

Growth in the core budget spending, which will mount to 42.8 trillion yen, marks the first jump from levels in the previous year's initial budget in three years.

Government ministries and agencies will submit their proposed budget plans in line with the new ceiling by late August.

The cabinet will then formulate the 1995 fiscal budget at the end of the year for discussions in the diet.

After lengthy discussions that continued until late Thursday, the Liberal Democratic Party (LDP), the key ruling party in Murayama's three-party coalition, finally agreed to a cap of 0.9 percent growth for defense spending, the lowest since the budget ceiling system was established in 1961.

The Social Democratic Party (SDP), another ruling party led by Murayama hiself, demanded defense spending be capped at less than the previous year's level of 0.9 percent growth in the wake of the end of the Cold War.

The LDP, SDP and the third coalition partner, new party Sakigake, agreed to develop a special fund for priority areas such as public works and a high-tech information network, the sources said.

Murayama and Foreign Minister Yohei Kono, who is also LDP president, agreed to reduce the official development assistance (ODA) growth ceiling from 7.9 percent to 7.7 percent, the sources said.

FY95 Budget Growth Ceiling Set at 4.8 Percent

OW2907024794 Tokyo KYODO in English 0211 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The cabinet of prime minister Tomiichi Murayama on Friday [29 July] set a growth of 4.8 percent from the initial fiscal 1994 budget for the ceiling on general operating expenditures for its next fiscal year budget, allowing an increase for the first time in three years, officials said.

The Finance Ministry submitted the ceiling, or framework for ministerial requests in kicking off budget formation, at a morning cabinet meeting which endorsed it for fiscal 1995 starting next April.

General operating expenditures—the core budget for defense, public works and other key spending that exclude debt servicing costs and tax grants to local governments—are to total 42.82 trillion yen, with the growth higher than the 3.8 percent adopted for the current year's ceiling.

Ministries and agencies will submit their budget requests based on the ceiling by the end of August, and if everything goes smooth, the cabinet will adopt the full budget in December.

On two closely watched independent, special items, the government squeezed defense spending to the lowest-ever growth in line with the global trend for military cutbacks while maintaining a relatively high growth in Official Development Assistance (ODA) to underscore Japan's nonmilitary international contributions.

The growth cap on defense spending is set at 0.9 percent to 4.73 trillion yen, down from the current year limit of 1.95 percent that was already the lowest since the ceiling method was adopted in 1961.

The country's ODA spending is marked to grow 7.7 percent, down slightly from 7.9 percent. But the total amount in dollar terms will rise substantially given the yen's recent sharp appreciation.

The higher growth in the general operating expenditures stemmed from special factors such as next year's elections for the house of councillors, the national survey which is conducted once every five years, and the recalculation of pensions.

The special factors grew by 360 billion yen, accounting for 0.9 percentage point of the overall 4.8 percent growth, a finance ministry official said in briefing reporters on the new ceiling.

Otherwise, the government kept caps from fiscal 1994 unchanged on the other general operating expenditures, which are distributed at fixed percentages to ministries and agencies.

The ceiling on investment-oriented spending was raised by 5 percent to continue shoring up the shaky economy, while running expenses were cut by the same 10 percent amid the tough fiscal conditions.

The government suffered a budget deficit in fiscal 1993 for the second straight year in the face of tax revenue shortage amid the prolonged economic slump.

To set itself apart from former governments, the new coalition set aside 300 billion yen in special funds in the investment outlays for flexible allocations to policy priority areas.

The government and the three ruling parties—the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and new party Sakigake—will decide on policy priorities based on the requests by the year-end.

Aside from the priority allocations, the ministry official said the government wants each ministry and agency to review the fixed portions of the investment-oriented expenditures for more flexibility and efficiency to avoid a further buildup of the balance of bond issuance.

The cabinet also agreed in a written budget policy that the government will consider budgetary measures for farmers facing free markets after the Uruguay Round of multilateral trade talks and for the planned information telecommunications networks.

EPA Chief: FY95 Budget 'Realistic'

OW2907040194 Tokyo KYODO in English 0335 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Masahiko Komura, chief of the Economic Planning Agency (EPA), said Friday [29 July] the blueprint for the fiscal 1995 budget approved by the cabinet the same day reflects the reality of business conditions by boosting investment costs.

Komura told a press conference that the budget seeks increasing investment spending by 5 percent from the initial plan for the current fiscal year despite tight fiscal conditions.

With regard to foreign exchange rates, Komura said the cabinet may hold an ad hoc meeting to discuss the recent strength of the yen against the dollar, if necessary.

He said, however, there are no specific plans at the moment.

'News Analysis' Links Government Budget, Defense

OW2907045194 Tokyo KYODO in English 0415 GMT 29 Jul 94

["News Analysis" by Kohei Murayama: "Government Budget Reflects Thorny Defense Issue"]

[Text] Tokyo, July 29 KYODO—The new coalition government's fiscal 1995 budget guidelines adopted Friday are expected to make headlines on two counts at home and overseas.

On the international front, especially with regard to the United States, there is the limiting of growth on defense outlays by the coalition of socialist prime minister tomiichi murayama to its lowest-ever level, while maintaining healthy growth for nonmilitary overseas assistance.

At home, meanwhile, the government has allowed the resurgence of items to politicians in a bid to favor interest groups.

The new coalition formed by the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and new party Sakigake approved the ceiling, or framework for ministerial requests, in kicking off the new coalition's first budget.

Given the guidelines, ministries and agencies will prepare their budget requests for fiscal 1995, starting next April, to be submitted in August. The Finance Ministry then compiles its budget plan for the cabinet to adopt a full budget in late December, providing everything goes smoothly.

The growth in defense outlays was limited to 0.9 percent, the lowest since the ceiling method was adopted in fiscal 1961, amid a strong SDP demand for major cutbacks in line with a global trend for cutting military spending.

The LDP, which had been allowing relatively high defense growth to maintain a security pact with the U.S. during its 38-year rule until last year, gave in to the demand to avoid crushing the coalition formed after a year of its absence from power.

The LDP also had to back up the SDP, who abandoned their opposition to the U.S.-Japan security pact and the existence of the Self-Defense Forces (SDF).

But lower defense spending will be a blow for Japan's contributions to U.S. military bases, and this may stir a new trans-Pacific row depending on how the U.S. Administration evaluates the cutbacks.

Apparently in return for the LDP compromise on the defense issue, the coalition sanctioned the revival of political maneuvers to get a budget share for the sake of special support groups.

With politicians strongly pressuring to revive "special treatment" in particular areas, the Finance Ministry mandarins compromised by establishing special funds for flexible allocations to policy priority areas.

The special funds, worth 300 billion yen, were established in the 5 percent growth ceiling for investment-oriented outlays which are otherwise distributed on fixed percentages to ministries and agencies.

On the surface, the coalition parties described the special funds as part of their key policy of taming bureaucrats to show their departure from the former bureaucrat-controlled coalition.

For the funds, requests amounting to twice that of past shares, at least 5 billion yen, for ministries and agencies with almost no past records on public works will be accepted for the government and the ruling parties to decide on policy priorities by the year-end.

But large chunks are likely to direct to measures to help farmers after Japan agreed late last year to open up its rice and other farm markets under the Uruguay Round of multilateral trade talks and also to projects to build up a next-generation fiber-optic telecommunications network.

This echoes the one-party rule by the LDP of the past in currying the favor of farmers and the business sector.

With the budget in the current year adopted by the former non-LDP coalition of former Prime Minister Morihiro Hosokawa, the Finance Ministry managed to scrap three special budget quotas such as outlays to improve the standard of living.

Eiji Suzuki, chairman of the Fiscal System Council, a blue-ribbon government advisory panel, criticized the new coalition government, noting "a lack of concrete policies."

"We hope the prime minister would show more leadership in changing the budget as he made a historic turnaround in accepting the self-defense forces as constitutional."

Playing down the SDP's efforts to cut back the defense budget, he said, "anybody knows that defense spending must be limited to a growth of less than 1 percent."

Considering the 300 billion yen special funds, Suzuki described the amount as "paltry" when compared with Japan's budget of 100 trillion yen, including the fiscal investment and loan program.

Instead of pursuing special treatment to supporters, Suzuki said politicians should discuss concretely what is really needed for farming and other measures.

Pointing the need for "thorough scrapping and building" in the overall budget allocations, he called for the establishment of an advisory group of politicians at the prime minister's office to decide on policies.

Defense Chief Hopes For No Further Budget Cuts

OW2907054194 Tokyo KYODO in English 0505 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Defense Agency Chief Tokuichiro Tamazawa expressed hope Friday [29 July] that the socialist-led government will not seek a further cut in defense expenditures for fiscal 1995, which starts next April 1.

Tamazawa, a member of the ruling Liberal Democratic Party (LDP), made the remark to reporters while commenting on a government decision to shrink fiscal 1995 defense budget growth to 0.9 percent over the current year against a greater hike requested by the defense agency.

He said the government's decision is based on common understanding among three ruling coalition parties—the LDP, the Social Democratic Party (SDP) and new party Sakigake.

When asked about a reported move to further cut the defense outlays within the government, Tamazawa expressed hope that the tripartite agreement will be honored when the government compiles a draft 1995 budget later this year.

Finance Minister Masayoshi Takemura reportedly told Tamazawa the 0.9 percent growth rate is the maximum the government can tolerate in working out a draft budget.

Political sources said the moderate defense budget increase reflected the SDP's policy toward disarmament.

They said the LDP agreed to contract the defense outlays by taking into account the SDP policy.

SDP Chairman Tomiichi Murayama took office in late June as Japan's first socialist prime minister in 48 years.

The socialist Minister of Construction Koken Nosaka welcomed the slow defense budget increase, saying it reflected the Murayama government's basic stance of seeking global disarmament.

Nosaka expressed hope that the Japanese people will appreciate the government's efforts to bring about world disarmament.

Transport Minister on Budget's 'Priority Areas'

OW2907042994 Tokyo KYODO in English 0407 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Transport Minister Shizuka Kamei on Friday [29 July] cited construction of new Shinkansen express train lines and the organizing of airports and seaports as priority areas for allocation of funds under the newly created 300 billion yen special allowance of the fiscal 1995 budget.

Establishment of the allowance was approved at the day's cabinet meeting in order to focus on farm policy after the Uruguay Round Trade Agreement and to improve social infrastructure.

Meanwhile, Kamei, a Liberal Democratic Party member, told a press conference he welcomes drastic policy changes by the Social Democratic Party (SDP) such as legitimate acceptance of Japan's Self-Defense Forces.

It would contribute to consolidating ties among ruling coalition parties—LDP, SDP and new party Sakigake, he said.

Editorial Calls For Budget System Review

OW2707135794 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Jul 94 Morning Edition p 2

[Editorial: "Take Back Leadership in Budget Compilation From Bureaucrats and Zoku Giin"]

[Text] Groups of lobbyists have recently been seen again in the corridors of the Budget Bureau on both the first and second floors of the Ministry of Finance [MOF] building. Such a scene was rare this time last year. At cabinet meetings, there were many voices demanding that projects for constructing bullet-train railway lines be promoted and that agricultural policies under the Uruguay Round agreement be implemented as a special case of budget request standards (ceilings). We wonder whether zoku giin [Diet members representing the interests of particular sectors of Japanese industry], who concealed themselves for a while, have now revived following the recent power change.

Have reform efforts begun to retrogress with the rise of the Murayama administration? It is reported that because the government and the ruling coalition are afraid that such an impression will spread among the people, they will decide not to allow special ceilings for budget requests. However, a series of moves before the budget season have proved that there is growing pressure by zoku giin for an increase in annual expenditures.

If it is true that zoku giin have revived, there is a danger that the past cozy relations among politicians, bureaucrats, and business will revive. If that is the case, the hand on the clock goes backwards. Moves by zoku giin need to be watched closely. Nevertheless, we should not pay attention only to them. A mistake which we are apt to make is that, in order to hamper moves by zoku giin, we inadvertently entertain hope for MOF bureaucrats who adhere strictly to uniform restraint in annual expenditures.

Zoku giin's selfish demands for an increase in annual expenditures is out of the question. There is no reason to lift the freeze on the bullet-train projects. Many consumers will probably be doubtful whether it is necessary to increase agricultural spending under the pretext of dealing with the conclusion of the Uruguay Round talks. Nevertheless, we should not blink at bureaucrats' taking the leadership in compiling the budget to seek uniform restraint in expenditures.

Ceilings Are Not Necessary Anymore

The ceiling plan for the fiscal 1995 budget that the Murayama administration is about to decide on is to increase investment-related spending by 5 percent, while decreasing current account spending by 10 percent. This is a plan which has been prepared by MOF bureaucrats since well before the Murayama administration was formed. This is a mechanical ceiling worked out to make the accounts balance, irrespective of the administration.

Abuses of the ceiling system have been repeatedly pointed out. While the ceiling system was effective to restrain an increase in the budget as a whole, there was not appropriate allocation of the budget. The delay in reviewing public works allocations is one of the examples. The ceiling system has forced officials to consider only growth rates in compiling the budget and to abandon their determination to thoroughly review the budget system.

Because budget growth rates were uniformly restrained, it was impossible to come up with new policies indispensable for reform. Meanwhile, old systems and budgets which do not suit the current of time were preserved for a long time as vested interests.

The policy of seeking uniform growth in the budget is unable to handle the drastically changing international community and changes in the Japanese economy. It is only natural to restrain an increase in defense spending amid major nations' moves to reduce defense spendings in the post-Cold War world. When considering Japan's financial contributions to the international community, it is natural to increase spending for the Official Development Assistance (ODA). The problem is that officials make decisions on these outlays by considering only growth rates, and they do not view these spendings as part of the whole budget.

It is unfortunate for the people that the budget, a foundation for national policies, is not properly allocated. This also hinders management of the Japanese economy. If the cause of the improper allocation of the national budget lies in the mechanical ceiling system, a review of the system is a matter of course. Rather, we suggest abolition of the system. This must be the very first step for breaking away from the bureaucrat-led budget compilation. This is a good opportunity to escape from the insipid budget compilation in which politicians only run on the rail laid by ceilings.

MOF bureaucrats are probably worried that, in this case, no brake would be put on the zoku giin's pressure for an increase in expenditures. However, this indicates bureaucrats' distrust of politicians and pride in themselves. It is presumptuous of them to think that "MOF bureaucrats are the only persons that can protect fiscal discipline."

If ceilings are not set, moderation is needed in budget requests. Thoughtless requests should be exposed to the eyes of the public. While an increase in the consumption tax rate will be inevitable in the future, Japan's finances are by no means in good condition. If ministries want to increase their budget, it is necessary at the same time to make proposals to abolish some systems or to reduce the whole budget, transcending the jurisdictions of various ministries and agencies. The scrap and build policy which is able to deal with changes is very important.

Setting such a new rule for budget requests in place of the mechanical ceiling system is a good idea. The new rule must be a system in which ministries and agencies can compete on new policies and, at the same time, can have heated arguments on unnecessary systems and budget cuts.

Proper Allocation of the Budget Is the Government's Duty

Allocating the national budget properly is a comprehensive coordination function that the government is supposed to perform. Although the work of MOF bureaucrats, who are experts on the budget, is important, making a decision on allocation of the whole budget is not the bureaucrats' job. It is necessary to draw a clear line between politicians and bureaucrats in compiling the budget.

There is a saying within the MOF's Budget Bureau that "the budget compilation is politics." The saying includes the meaning that bureaucrats also make a political decision on the budget compilation. This indicates that bureaucrats have entered the realm of politics and politicians have been content with the situation.

Items to which priority is given in the budget or items for which spendings are reduced should be decided by politicians in line with a basic direction of policies. To this end, politicians are charged with this duty by the people. Politicians should not only pander to the people, but should also say severe things. Until politicians do so, they cannot say that "the budget compilation is politics."

Under the so-called 1955 political regime [post-1955 political order dominated by the Liberal Democratic Party], the budget has been virtually decided through a tug of war or a grab game between MOF bureaucrats and zoku giin. While zoku giin lost their influence under both the Hosokawa and Hata administrations, the budget compilation was entrusted to MOF bureaucrats. Because MOF bureaucrats had their own way in deciding on the timing of the budget compilation, the Japanese economy was thrown into confusion due to the delay in compiling the budget.

In the past year, Japan experienced two different things: The collapse of the so-called 1955 political regime and the abuse of bureaucrat-led politics. In compiling the budget, the Murayama administration is not allowed to return to the 1955 political regime and should not allow bureaucrats to play the leading role.

To that end, Prime Minister Murayama needs to exert his leadership. We hope that the prime minister will put a stop to the expansion of national finances to prevent the government from becoming a "large government" while seeking a drastic allocation of the budget in line with policy goals. The prime minister should not "stand isolated in the budget compilation" as former prime ministers did.

ODA Growth 'Likely' To Be About 7.7 Percent

OW2807053294 Tokyo KYODO in English 0442 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Growth in Official Development Assistance (ODA) in the fiscal 1995 budget request is likely to be about 7.7 percent over the initial budget for the current year, government sources said Thursday [28 July].

Negotiations on the ceiling on the ODA were held Thursday morning between the Foreign Ministry, which wanted a 7.9 percent increase, the same as in fiscal 1994's initial budget, and the Finance Ministry which wanted a smaller increase.

Although the compromise figure of 7.7 percent is lower than the current year's ceiling, it meets the demand from the coalition government that in dollar terms, the actual total of funds should be bigger than the ODA in the fiscal 1994 initial budget.

The figure will help Prime Minister Tomiichi Murayama demonstrate his willingness to cooperate with the international community in nonmilitary fields, while cutting down on defense outlay, the sources said.

The ceilings for the fiscal 1995 budget request are planned for approval by a cabinet meeting Friday.

Corporate Capital Spending To Fall 3.2 Percent

OW2807075494 Tokyo KYODO in English 0706 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Businesses plan to trim capital spending in the October-December quarter from the previous quarter for the third consecutive drop, according to a government survey released Thursday.

The survey by the Economic Planning Agency found that planned corporate investment in plant and equipment will fall 3.2 percent in the October-December quarter from the previous quarter after falls of 2.8 percent in July-September and 4.4 percent in April-June.

Corporate capital spending is viewed as a key to economic recovery as it serves as one of the two main dynamos of economic growth along with personal spending.

The survey involves 4,537 companies capitalized at 100 million yen or more, of which 95.6 percent or 4,339 firms responded. It did not take into account the impact of the dollar's fall below 100 yen as the poll was conducted on June 1.

Among other findings, the survey showed capital spending by manufacturers alone is projected to fall 9.9 percent in October- December from the previous quarter after rising 7.0 percent in July-September.

Capital spending by nonmanufacturers is forecast to drop 0.9 percent in October-December after a fall of 6.4 percent in July-September and 1.7 percent in April-June, according to the survey.

Summarizing the latest quarterly survey, an agency official said that the findings suggest corporate capital spending has yet to bottom out, but pointed to a narrowing trend in the scale of decline.

The survey also found that the agency's business survey index (BSI) will be positive in the October-December quarter for the first time in 17 quarters, signaling that business sentiment is improving.

The BSI is put at 21 for October-December, compared with minus 4 in both the previous quarters.

The BSI is calculated by comparing the percentage of companies expecting better business conditions with that of those replying otherwise.

The BSI is positive for October-December in all 18 manufacturing industries surveyed. For July-September, the BSI is positive in only six of the industries polled.

Takemura Calls for Overall Spending Review

OW2907052994 Tokyo KYODO in English 0423 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Finance Minister Masayoshi Takemura on Friday [29 July] urged other ministers and agencies to review their spending to pool funds for projects with higher priorities.

"We can't allow an additional increase in budget" amid the tough fiscal conditions, Takemura told reporters after a morning cabinet meeting in outlining his ministry's stance in compiling the fiscal 1995 budget.

At the meeting, the cabinet endorsed a ceiling, or framework for ministerial budgetary requests, to kick off budget formation for the next fiscal year starting next April 1.

"Each project must be reviewed to allot funds to new projects according to priorities," he said.

Given the ceiling, ministries and agencies prepare their fiscal 1995 budgetary requests for submission in late August to the Finance Ministry, which in turn will compile its draft budget for cabinet approval in December, if everything goes smoothly.

The ceiling limits to 4.8 percent the fiscal 1995 spending growth from the initial budget for the current year for general operating expenditures—the core budget for defense, public works and other key spending areas that exclude debt servicing costs and tax grants to local governments.

Leasing Contracts Down 9.1 Percent in Fiscal 1993

OW2807090194 Tokyo KYODO in English 0850 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Leasing contracts in Japan fell 9.1 percent in fiscal 1993 from the previous year to 7,280.5 billion yen, the Ministry of International Trade and Industry (MITI) said Thursday [28 July].

The margin of decline was larger than the 2.5 percent drop registered in fiscal 1992, the first fall since statistics were taken in fiscal 1973, MITI said, attributing the latest slump to the prolonged recession.

Leasing contracts for information-related equipment, which accounted for about 40 percent of total leasing deals, decreased 9.2 percent.

Leasing transactions for industrial machines scored a larger 12.3 percent decline.

MITI also said Japan's information service businesses chalked up proceeds worth 6,591.6 billion yen in fiscal 1993, down 7.5 percent for the first fall since fiscal 1973.

Sales from mainstay software development fell a marked 10.5 percent while service sales in financial and insurance businesses decreased 3.9 percent.

MITI said proceeds earned by advertising firms slid 5.2 percent in the reporting year to 6,430.5 billion yen.

The drop was sharper than a 2.1 percent downswing, the first fall since fiscal 1973.

Deals handled by credit card companies in fiscal 1993 totaled 17,315.0 billion yen, up 0.4 percent.

The sum was divided into 12,552.1 billion yen for credit card services, down 2.2 percent, and 4,762.9 billion yen for consumer loans, up 7.7 percent, MITI said.

Health Minister: Seniors Care Budget Too Small

OW2907054094 Tokyo KYODO in English 0514 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The Health and Welfare Ministry's budget increase for fiscal 1995 will not be enough to finance a child care and seniors' care program that were supposed to begin next year, Health and Welfare Minister Shoichi Ide told reporters Friday [29 July].

Under the 1995 fiscal budget, the ministry will receive a maximum increase of 7.2 percent.

Ide said despite the capping, he will try to revive the two programs in his ministry's final budget to be submitted to government by the end of August.

The Finance Ministry will draft a budget blueprint on the basis of such funding requests by the end of this year.

Murayama on Promoting Deregulation

OW2907042794 Tokyo KYODO in English 0353 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Prime Minister Tomiichi Murayama voiced his determination to proceed with the deregulation of Japan's economy during a meeting Friday [29 July] morning with nine economists and businessmen.

Murayama told the group his government will develop a five-year program to carry out the 279 deregulatory measures announced earlier this year.

The meeting marked the first time Murayama has received members of the business community since taking office last month.

The group included economic critic Naoki Tanaka and Hideo Sakamaki, president of Nomura Securities Co.

International Guidelines Issued for Derivatives

OW2707010994 Tokyo KYODO in English 2306 GMT 26 Jul 94

[Text] Tokyo, July 27 KYODO—The first ever sets of international guidelines were issued Wednesday [27 July] for supervisory authorities, private banks and securities firms in managing risks in financial derivatives transactions.

The guidelines are intended to promote risk management under a self-responsibility principle by banks and securities firms instead of restricting or beefing up regulations on the globally growing off-the-balance-sheet derivative transactions, a Bank of Japan (BOJ) official told reporters.

A joint statement made available in Tokyo by the central bank said the Basel Committee on Banking Supervision and the Technical Committee of the International Organization of Securities Commissions (IOSCO) each issued documents providing guidance on "sound risk management of derivatives activities" for use by supervisory authorities and the industries.

According to a four-point, 19-page document, the Basel committee said the guidance is based on already established systems in member countries and on recommendations from the financial industry.

The committee groups central banks from 12 leading industrial nations under the Bank for International Settlements (BIS) based in Basel, Switzerland.

Financial derivatives are such off-the-balance-sheet products as swaps, futures and options used to hedge credit risks. But with markets expanding rapidly, concerns are spreading that speculative investment may cause unnecessary volatility on official exchanges and also lead banks to incur heavy invisible losses.

The documents call for "appropriate oversight by boards of directors and senior management" through timely reporting under an "independent" risk management body.

They also propose an "adequate risk management process involving the continuous measuring, monitoring and controlling of risks" as well as "thorough audit and control procedures."

Under these risk management systems, the documents offer measures for specific risks involved in derivative activities, including credit, market, liquidity, operational and legal risks.

The Basel committee also announced its plan to adopt new rules by mid-1995 for calculating risks on capital requirements for banks engaged in derivative activities.

Private banks operating internationally are required to fulfill BIS capital-adequacy requirements.

Export, Import Contracts Fall in 1st Half of 1994

OW2807074294 Tokyo KYODO in English 0715 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Export and import contracts concluded by Japan's 19 major trading houses fell in the first six months of 1994 from a year earlier, an industry group said Thursday.

Export contracts declined 12.0 percent to 6,321.6 billion yen, falling for the seventh half-year term in a row, while import contracts fell 11.6 percent to 6,290.9 billion yen for the sixth consecutive term, said the Japan Foreign Trade Council.

The decline in export contracts was due mainly to a 14.4 percent drop in machinery shipments, which account for about 70 percent of all export contracts, the council said.

Although contracts for ships grew 10.4 percent, the rise was erased by a 22.5 percent drop in automobiles and 17.3 percent fall in construction machinery and communication equipment exports.

Export contracts to the United States, Europe and China fell, while a small increase was seen in Southeast Asia.

Import contracts decreased due to a drop of 26.9 percent in machinery, a 21.3 percent fall in fuel and an 11.1 percent drop in metal imports.

The falls offset the 10.9 percent growth in food and 4.0 percent climb in textile imports.

Machinery and fuel imports from the U.S. fell, while contracts for food and textiles from China increased.

For the month of June, export contracts rose 6.5 percent from the same month last year to 895.8 billion yen, marking the biggest growth since October 1993. A 7.6 percent rise in machinery—the biggest component of export contracts—offset a plunge of 71.3 percent in ship exports.

Import contracts in June slipped 6.1 percent from a year before to 1,148.3 billion yen, while metal imports dropped 21.6 percent and lumber imports fell 22.0 percent, offsetting a 24.5 percent rise in food imports.

EIBJ To Extend Loans to U.S. Automakers

OW2907070394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Jul 94 p 1

[Text] The Export and Import Bank of Japan [EIBJ] has decided to provide the "Big Three" with low-interest loans to help them investment in equipment. The objective of the low-interest loans is to help the "Big Three" build right-hand-drive vehicles for export to Japan. The EIBJ, which has already begun negotiating a loan contract with Ford, is expected to conclude the loan contract with the U.S. automaker in September this year. The amount of low- interest loans for Ford is expected to exceed $300 million, the largest amount the EIBJ has ever extended to a foreign firm. This is the first time that the EIBJ has extended loans to the "Big Three." The Ministry of International Trade and Industry [MITI] believes that the EIBJ's extension of low-interest loans to the "Big Three" will serve to defuse friction between Japan and the United States in the automobile industry by helping the "Big Three" boost exports of their vehicles to Japan.

The EIBJ will extend low-interest loans to the "Big Three" by using the system for providing "direct loans for imports of manufactured goods," created in 1992. Under this system, the EIBJ will extend low-interest loans to finance the production of manufactured goods for export to Japan with an annual interest rate of 4.1 percent applied to financial investments, 0.3 percentage points lower than the annual interest rate of 4.4 percent currently applied to preferential loans. The loan period is not to exceed ten years.

It is unclear for which specific plants and vehicles Ford will use the low-interest loans from the EIBJ. Ford, however, plans to sell such right-hand-drive automobiles as "Taurus" and "Explorer" on the Japanese car market beginning 1996. General Motors and Chrysler will shortly enter into negotiations with the EIBJ on the low-interest loans.

The EIBJ has so far extended low-interest loans on three occasions under the system of direct loans for imports of manufactured goods. The EIBJ has extended $174 million in low-interest loans to Eriksson, a major Swedish communications-equipment maker, to help it construct plants for producing cellular phone systems to be exported to Japan.

U.S. automakers are increasingly eager to take advantage of the appreciated yen to gain access to the Japanese car market. Last year, Chrysler sold right-hand drive "Cherokees" in Japan. In June this year, Ford began selling three new types of right-hand-drive automobiles, including "Mondeo." General Motors plans to export a new right-hand-drive model of its "Saturn" to Japan. Under the "loan for strengthening the foundation of the import promotion system," the Japan Development Bank at one time had extended low-interest loans to U.S. automakers to finance the construction of their auto-parts facilities in Japan. Nonetheless, this is the first time that the EIBJ has decided to extend public loans to finance the construction of foreign automobile plants.

In the bilateral negotiations on the automobile and auto parts sectors under the Japan-U.S. economic framework talks, the U.S. side has asked that Japan increase its number of car retailers dealing in foreign automobiles. The Japanese side has refused to go along with the U.S. request, claiming, "the government cannot intervene in private business." As a result, the two sides have continued to have confrontations over this issue. MITI plans to break the deadlock in bilateral negotiations on the automobile and auto parts sector, by stressing that Japan is willing to assist U.S. automakers eager to gain access to the Japanese car market.

U.S., Other Automakers Apply for Loans

OW2807135694 Tokyo ASAHI SHIMBUN in Japanese 28 Jul 94 Morning Edition p 8

[Text] On 27 July, the Export-Import Bank of Japan [EIBJ] said several foreign automakers, including a major American company, are applying for the EIBJ's low-interest loans for capital investments. The automakers are seeking loans to upgrade production facilities to build right-hand-drive cars intended for the Japanese market. When all loan applications from the automakers are accepted, that would become the EIBJ's largest financing program for foreign companies.

Hereafter, the EIBJ and the applicants will negotiate terms of the loans, such as the amount, interest rate, and loan period, and, in total, the amount of the EIBJ loans is likely to exceed $200 million. The EIBJ takes a positive attitude toward loan applications from a U.S. automaker because support for U.S. automakers' exports to Japan would become a great help in easing long-pending economic friction between the two nations.

The EIBJ loans are expected to be issued according to the 1990 "Product Import Loans Program." Under the program, the rate of low-interest loans intended for foreign companies, which want to export their products to Japan, is as low as that of the Japanese Government's fiscal investment and loans programs (currently set at 4.1 percent).

Unemployment Rate Increases to 2.9 Percent in Jun

OW2907035994 Tokyo KYODO in English 0223 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Japan's unemployment rate in June equaled the third highest level on record at 2.9 percent, the management and coordination agency said in a report released Friday [29 July].

The report contradicts the belief that economic recovery is just around the corner.

The June jobless rate rose 0.1 percentage point from the previous month to a seasonally adjusted 2.9 percent, repeating the levels of February and March, which were the worst in about six and a half years.

It was also the third worst level in the postwar period, behind a 3.1 percent postwar high reported in May 1987 and 3.0 percent in January and June, both of 1987.

Asked why the emerging economic rebound, increasingly visible in other indicators, was not reflected in the jobs data, an agency official said the unemployment figures move in tandem not only with the economic ups and downs but with various other factors.

"Therefore, the figure should not necessarily go down just because the economy is regaining momentum," the official said.

While judging that the jobless rate has been stable since early this year, although at high levels, the official declined to offer a definite outlook for where the rate is heading.

"I have no idea whether the rate will be heading higher or peaking. We'd rather wait and see for some time before making projections," he said.

In a separate report, the Labor Ministry said the ratio of job offers to job seekers dropped 0.01 point from the preceding month to a seasonally adjusted 0.63 in June, which means there were 63 offers for every 100 people looking for jobs.

The offers-to-seekers ratio, a key indicator of labor demand, was 0.64 in May and 0.66 in April and March.

Commenting on the finding, Labor Minister Manso Hamamoto said the labor market remains "in a continuously precarious situation."

In June, people holding jobs numbered 65.52 million, up 0.2 percent, or 150,000, from a year earlier, according to the management and coordination agency report.

By industry, employees in the manufacturing sector dropped 0.7 percent or 100,000 in June, a setback after posting the first year- on-year rise the previous month.

The construction industry saw a 4.9 percent or 310,000 increase in the labor force, while service firms added 110,000 new workers, or 0.7 percent, to their payrolls.

The wholesale, retail and food service sectors eliminated 1.2 percent, or 170,000, of their workers from the payrolls.

The number of unemployed totaled 1.83 million, up 15.1 percent, or 240,000, from a year earlier.

The jobless rate stood at 2.9 percent for males, up 0.2 point from May and the highest since September 1987, and 2.7 percent for females, down 0.3 point.

The agency officials noted the especially high unemployment rate for adolescent and elderly males.

The rate for men aged 15-24 rose to 5.4 percent and that for males in the 55-64 age band to 4.6 percent.

The country's June jobless rate compared with 6.0 percent in the United States and 8.4 percent in the former West Germany for the same month, but Japan's figure would be higher if calculated by a U.S. or European formula.

The Japanese method counts armed forces members and people working more than one hour in the last week of any month as employed.

Business Leaders on Employment Situation

OW2807130294 Tokyo KYODO in English 1243 GMT 28 Jul 94

[Text] Karuizawa, Japan, July 28 KYODO—Some Japanese executives Thursday [28 July] painted a gloomy picture of the nation's employment situation as the Association of Corporate Executives (Keizai Doyukai) opened a three-day seminar at this summer resort in Nagano Prefecture.

Discussions focused on employment and wages, with the yen's sharp appreciation on the foreign exchange market shaking the foundation of the nation's export-oriented economy.

Tatsuo Asakura, chairman of Japan Synthetic Rubber Co., told the seminar it is time for employers to tell job seekers that they cannot guarantee lifelong employment.

Takashi Imai, president of Nippon Steel Corp., said the country will face even more serious problems stemming from a graying population if structural changes due to the yen's appreciation continue.

Susumu Tenporin, chairman of Mitsui O.S.K. Lines Ltd., recommended that companies resort to mass personnel dismissals as part of industrial restructuring, as the United States did.

Keizai Doyukai Chairman Masaru Hayami said it is natural that companies relocate operations abroad to deal with the yen's appreciation, which has raised overseas prices of Japanese products.

Life Insurers Increase Domestic Bond Investments

OW2807090294 Tokyo KYODO in English 0842 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Japanese life insurance companies are stepping up investments into domestic government and corporate bonds for lack of more profitable investments, industry sources said Thursday [28 July].

Net buying of domestic government and corporate bonds by life and nonlife insurance companies hit a record 1,198 billion yen in April and topped 1 trillion yen in May and June, according to the Japan Securities Dealers Association.

Life insurance companies are making mass bond purchases by front- loading their investment programs for fiscal 1994 started April 1, bond dealers said.

The sources said life insurance companies face weak business demand for loans due to slow economic recovery and have cut their investments in U.S. treasury bonds and other foreign bonds because of the yen's appreciation.

The stock market is slow-moving and the short-term money market, with current low interest rates, offers little chance for investment to the insurance firms, the sources said.

Tokyo-Area Consumer Prices Down 0.3 Percent

OW2907040094 Tokyo KYODO in English 0227 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Tokyo-area consumer prices in July marked the first decline from a year earlier in more than seven years, due to much cheaper vegetables, the Management and Coordination Agency said in a preliminary report released Friday [29 July].

The report said that the consumer price index (CPI), at 106.7 against 100 in the base year of 1990, dropped 0.3 percent year on year and was down 0.5 percent from the previous month.

The 0.3 percent drop is the first year-on-year decline from a 0.3 percent fall registered in March 1987.

Consumer prices in Tokyo's 23 wards, the pace-setter for nationwide prices, rose a year-to-year 0.5 percent in June and 0.6 percent in May.

An agency official briefing reporters on the latest data attributed the drop to sharp rises in fresh vegetables a year before resulting from bad weather, which makes this year's price levels look lower.

Excluding the volatile factors of perishables, consumer prices climbed 0.6 percent from a year before while falling 0.4 percent from the previous month, with the index at 107.6.

In the latest reporting month, prices for fresh vegetables plummeted 26.9 percent from a year earlier, those for fresh fish were down 7.2 percent and clothes prices dropped 4.1 percent.

Items which had higher prices include rice, up 16.3 percent, and rents, which showed a 1.7 percent rise.

The agency also reported that nationwide consumer prices in June rose 0.6 percent from a year earlier but dropped 0.4 percent from May, with the index coming to 107.0.

The 0.6 percent increase compared with a 0.8 percent climb in both May and April.

Excluding perishables, prices advanced 0.8 percent year on year while decreasing 0.1 percent from the previous month, with the index at 107.8.

In the same pattern as Tokyo's trend in June, prices declined for perishables and clothes and went higher for rice and rents, the agency said.

Consumer Sentiment Continues To Improve

OW2907083494 Tokyo KYODO in English 0631 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Consumer sentiment improved in the April-June quarter for the second quarter in a row, buoyed by greater confidence in prices, income growth and employment, a government agency said Friday [29 July].

The Economic Planning Agency said its consumer sentiment index rose 7.8 percent in the April-June quarter to a seasonally adjusted 41.1, matching the level seen in the April-June quarter in 1993.

An agency official said the latest finding reflects an improving trend in consumer sentiment and noted that the index could continue to rise in the July-September quarter, in view of prospects for income growth and employment.

The index is designed to gauge consumer expectations as to whether things will improve in five categories—employment, income growth, prices, livelihood and willingness to purchase durable goods.

In the April-June quarter, consumer sentiment improved from the previous quarter in all of the five categories for the first time since the October-December quarter in 1989.

Among the five categories, improved sentiment on prices contributed most to the 7.8 percent increase in the index, reflecting a series of moves by retailers to offer cut-rate goods.

The latest index is tallied from a survey taken on June 15 of a sample of 5,040 households, of which 99.9 percent responded.

'Recession-Hit' Airlines Eligible for Subsidy

OW2907084694 Tokyo KYODO in English 0824 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—The Labor Ministry said Friday [29 July] it has decided to put eight domestic airlines on a list of recession-hit industries eligible for subsidies to help them adjust to new workforce requirements.

Under the subsidy system, listed companies are entitled to government help to ease the burden of laying off or relocating their employees to overcome the recession.

Ministry officials said the airlines will be one of five industries to be newly placed on the list for one year from Aug. 1.

It will be the first time for airlines to be listed since the system was introduced in 1975, the officials said.

The ministry decision was in response to a request by the airlines, including Japan Airlines, All Nippon Airways and Japan Air System, which have been hit hard by the strong yen.

The companies said their combined sales over the last three months declined 6.5 percent from the same period last year.

The four other industries to become eligible for subsidies are drug inspection firms, manufacturers of calcium silicate heat-insulating materials, asbestos products and stuffed toys.

The officials said the number of industries placed on the list will then total 314.

'New Visions' for Industries Urged

OW2707072794 Tokyo KYODO in English 0707 GMT 27 Jul 94

[Text] Tokyo, July 27 KYODO—An advisory council to the prime minister urged the government Wednesday [27 July] to come up with new visions for Japanese industries to deal with structural changes stemming from the yen's appreciation.

The economic council, in a report submitted to Prime Minister Tomiichi Murayama, also urged the government to foster venture businesses, promote employment and step up economic deregulation in order to narrow price differentials between domestic and overseas products.

The report, compiled by a subgroup in the council, dealt with the progress of a five-year program the government has been pushing since fiscal 1992 to improve the quality of life for the Japanese and called for increased efforts to revitalize the slump-hit national economy.

The council agreed it would be difficult for Japan to achieve the annual 3.5 percent economic growth projected under the five-year program ending in fiscal 1996 but did not revise the growth projection.

Industrial Output Rises 2 Percent in Jun

OW2807075994 Tokyo KYODO in English 0742 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—Japan's industrial production turned up in June, rising 2.0 percent from the preceding month, the Ministry of International Trade and Industry (MITI) said in a preliminary report Thursday.

The June upswing followed a 1.9 percent fall in April and a 1.2 percent drop in May.

The seasonally adjusted production index for the mining and manufacturing sectors came to 91.6 against the base of 100 for 1990, MITI said.

Industrial production has been recovering gradually, but in view of the ups and downs in the past year, the future course of final demand is still unclear, necessitating further monitoring of development in the coming months, MITI said.

MITI forecasts production in the manufacturing sector to drop 3.0 percent in July but turn up 0.3 percent in August.

Shipments in June increased 4.1 percent for the index of 94.0, following a 3.2 percent decrease in the previous month.

The inventory index, which edged up 0.8 percent in May, dipped 0.9 percent to 104.7.

The June inventory-to-sales ratio dropped 4.1 percent after a 3.9 percent rise in the previous month, with the index standing at 113.5.

On an unadjusted basis, industrial production in June was unchanged from a year before, halting the record string of year-to-year declines of 32 months seen until last month.

Unadjusted shipments increased 1.4 percent from a year before.

Shipments in June rose from a year before for the first time in 15 months, MITI said.

On a quarterly basis, industrial production for April-June increased 0.8 percent from the preceding quarter, following a 1.5 percent gain in January-March.

Industrial output has therefore registered an advance for two straight quarters for the first time under the current economic slump, MITI said.

Second-quarter shipments edged up 0.4 percent after a 1.9 percent growth, also marking an increase for two consecutive quarters for the first time under the slump, MITI said.

Harumi Takahashi, chief of MITI's Statistics Analysis Division, said bright factors appeared to increase during the reporting month.

Corporate sentiment also picked up in June in line with the latest quarterly business sentiment survey released by the Bank of Japan, Takahashi said.

But she reminded reporters of lingering minus factors, among them the yen's renewed surge against the dollar.

"The strong yen should be pointed out as one of the significantly dismal factors," Takahashi said.

She also said it is too early to declare corporate inventory adjustment has fully run its course.

"It is definitely true inventory adjustment is at the very final stage under the current recession, with adjustment downward pressure on output diminishing," she said.

But the inventory-to-sales ratio of 113.5 for June is still too high, she said, noting the figure should be lowered at least to 110 to declare the completion of adjustment.

Steel Exports Down 0.8 Percent in Jun

OW2907082594 Tokyo KYODO in English 0749 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Japan's steel exports fell 0.8 percent in June from a year earlier to 2.24 million metric tons for the first dip in 26 months, the Japan Iron and Steel Federation said Friday [29 July].

The June steel exports gained 4.5 percent from the previous month, however.

Cumulative exports in the first six months of this year came to 12.32 million tons, a 10.8 percent increase from a year earlier, the federation said.

In June, steel imports fell 4.5 percent from a year earlier to 405,000 tons, bringing first-half imports to 2.58 million tons, down 10.1 percent from the corresponding period a year earlier, the federation said.

NEC, IBM To Connect Electronic Mail Services

OW2807081194 Tokyo KYODO in English 0752 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—NEC Corp. and IBM Japan Ltd. on Thursday [28 July] announced an agreement to connect electronic mail services on their personal computer networks, beginning Nov. 1.

The arrangement will allow subscribers to the two networks to exchange electronic mail with each other.

NEC operates the PC-Van, Japan's largest PC network with about 760,000 subscribers. People, the latest PC network launched by IBM early this month, has 180,000 subscribers.

Task Forces Deal With Nationwide Water Shortage

OW2807132494 Tokyo KYODO in English 1306 GMT 28 Jul 94

[Text] Tokyo, July 28 KYODO—The Construction Ministry on Thursday [28 July] extended the scope of its task forces managing the nationwide water shortage to northern Japan, ministry officials said Thursday.

Only Japan's northernmost main island of Hokkaido and southern Okinawa prefecture have not yet been included in the emergency measures resulting from the long dry season.

Task forces have been set up within all eight regional construction bureaus on Honshu, Shikoku and Kyushu, indicating the seriousness of this year's drought, the officials said.

In the summer of 1990, the most serious dry season to date, which mainly affected Tokyo and its surrounding prefectures, just four regional construction bureaus had to set up task forces to design countermeasures against the water shortage.

Water reserves in reservoirs along rivers in western and central Japan have, meanwhile, dropped to less than 25 percent of their desired level.

Shikoku water reserves are down to 28 percent, while Kyushu reserves stand at about one-third of full capacity.

The Tone river system around Tokyo still fills reservoirs up to 47 percent, while reserves on the Kii peninsula southeast of Osaka remain at 57 percent.

Water is being rationed in all eight areas supervised by the task forces except for the Hokuriku and Tohoku regions in northern Honshu.

The seventh typhoon of the season has brought some relief to the region fed by the Sameura Dam reservoir on Shikoku, but in the rest of Japan further cuts in water supplies will be inevitable if it does not rain soon, the officials said.

Minister on Special Fund for Agricultural Policies

OW2907042894 Tokyo KYODO in English 0355 GMT 29 Jul 94

[Text] Tokyo, July 29 KYODO—Farm Minister Taichiro Okawara said Friday [29 July] he welcomes a government decision to create a special fund for agricultural policies outside the fiscal 1995 budget.

Okawara, minister of agriculture, forestry and fisheries, told reporters after Friday's cabinet session the decision enables the ministry to pursue necessary policies.

The government decision is designed to implement measures to cope with a partial opening of the Japanese rice market under the Uruguay Round world trade accord reached late last year.

Okawara said the ministry will work out measures for farmers on the basis of recommendations to be made by the agriculture policy council, an advisory panel of the ministry.

He said there was no opposition to the special farm fund from any of the three ruling coalition parties.

North Korea

U.S. Warned About Military Action Against North

SK2907150894 Pyongyang KCNA in English 1503 GMT 29 Jul 94

["U.S. Must Follow North Korea's Proposal for Solution of Nuclear Issue"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—The Clinton administration must reject the demand for pursuing military action and actively follow the proposal of North Korea to solve the nuclear issue in a diplomatic way as indicated by President Kim Il-song at a meeting with Jimmy Carter, says Selig Harrison, senior associate of the Carnegie Endowment for International Peace in the United States, in an article contributed to the U.S. paper U.S.A. TODAY.

Referring to the bellicose outburst of an ex-assistant to former U.S. President Bush to invade the North, he warned that such assertion and reckless proposal as "sea blockade" may ignite a new Korean war and it may bring an enormous disaster to the United States and South Korea, too.

The U.S. side has still insisted on negotiating the questions of diplomacy, economy and security with North Korea when it accepts the inspection of the International Atomic Energy Agency, he noted, stressing that North Korea would not yield to the United States.

He visited the DPRK and was received by the great leader President Kim Il-song on June 9. He in the article said in detail that President Kim Il-song most justly indicated the way of solution to the nuclear issue on the Korean peninsula.

ROK Organization Holds Reunification Rally

SK2607230994 Pyongyang KCNA in English 1512 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—The assembly of 70 million fellow countrymen for reunification, an organisation of the reunification movement of South Korea, recently held a rally of more than 300 initiators of all segments, at which they published a declaration, according to the South Korean magazine study of situation.

The declaration said that it is the 70 million fellow countrymen who should defend the existence of the nation from the outside forces and splittist forces following them.

It said the assembly would conduct the reunification movement of the people for the people with the people becoming masters, the movement with anyone who agrees on the principle of national reunification and great national unity, transcending ideology, idea and political views.

It laid stress on pooling efforts to make 1995 the first year of national reunification.

The rally elected Pak Yong-kil, widow of the Rev. Mun Ik-hwan, director general; and Rev. Kim Sang-kun, chairman of the South Korean lawyers association, and Yi Se-chong and former "minister of unification board" Han Wan-sang deputy director generals.

Reunification by Use of Three Principles Urged

SK2607113894 Pyongyang KCNA in English 1112 GMT 26 Jul 94

["NODONG SINMUN Calls for Reunifying Korea on Three Principles and Under 10-Point Programme"—KCNA headline]

[Text] Pyongyang, July 26 (KCNA)—To implement the three principles of national reunification and the ten-point programme of the great unity of the whole nation put forward by the great leader Comrade Kim Il-song is a national task that our fellow countrymen must fulfill, changing today's sorrow into strength and courage, says NODONG SINMUN in a by-lined article today.

The article headlined "Let us accomplish cause of national reunification on three principles and under 10-point programme" says:

The life of the respected leader Comrade Kim Il-song was the life of a great leader of the nation who regarded great national unity as the supreme task and devoted everything to the realisation of national unity and the cause of reunification. His lifelong maxim was that the destiny of the nation could be saved only through the unity and nationwide struggle of all patriotic forces that love the country and cherish the destiny of the nation.

In the early 1970s, Comrade Kim Il-song adapted the basic policy of national reunification to the new historical conditions, reflecting the requirement of the fast-changing internal and external situation and laid down the three principles of national reunification—independence, peaceful reunification and great national unity.

The great leader Comrade Kim Il-song said:

"The three principles of national reunification are the most reasonable reunification programme; they accord with the Korean people's desire for independence and their fundamental interests as well as with the trend of the times and the aspirations of the people throughout the world."

The three principles of national reunification are a programme carrying the nation's desire and will for the independent and peaceful reunification of the country. It is the foundation and the starting point for the settlement of the question of national reunification in accordance with the nation's will and interests.

Comrade Kim Il-song put forward the proposal for founding a Democratic Confederal Republic of Koryo (DCRK), a confederation formula based on one nation and one state, two systems and two governments, as the most reasonable and realistic method embodying the three principles of national reunification.

The proposal for founding the DCRK is the absolutely just formula for solving the question of national reunification independently and peacefully with neither side conquering the other or being conquered, under condition of the existence of different ideas and systems in the North and the South.

In order to overcome the difficulties and pave the way for national reunification with concerted efforts of the nation, Comrade Kim Il-song published "10-point programme of the great unity of the whole nation for the reunification of the country" last year and mobilized the entire nation to implement it.

The programme is a patriotic one that could be put forward only by Comrade Kim Il-song who embraced all members of the nation and guided them along the road of patriotism with deep love for the country and the nation, and an outcome of his benevolent politics and magnanimous politics.

It is the duty of all members of the nation to reunify the country in the 1990s through great unity of the 70 million Koreans under the ten-point programme. This implies true patriotism and promises endless prosperity of the nation.

Comrade Kim Il-song passed away without seeing the achievement of the cause of national reunification and national independence for which he had devoted his whole life. But he laid a solid foundation for our nation to advance continuously toward the achievement of the cause of national reunification and national independence.

Our 70 million fellow countrymen are divided now, but they are a strong and blessed nation that is vigorously advancing with sagacious Comrade Kim Chong-il as the guardian of fortune and the sun of guidance.

With dear Comrade Kim Chong-il acclaimed as the outstanding leader of the nation, the accomplishment of the cause of national reunification and national independence, that has been guided by the great leader, and the prosperity of a unified country are firmly guaranteed.

The entire nationals in the North, South and overseas will uphold the leadership of dear Comrade Kim Chong-il, firmly unite into one on the three principles and under the ten-point programme laid down by the great leader, achieve the independent and peaceful reunification of the country and realise the noble intention and wish of the great leader in this land of Korea.

Books Praising Kim Chong-il Said Popular in ROK

SK2607113594 Pyongyang KCNA in English 1059 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—An increasing number of South Korean people want to get books praising the dear leader Comrade Kim Chong-il, according to a foreign media report.

Bookstores in South Korea have counters of books carrying special write-ups about Comrade Kim Chong-il, where many people throng to buy them.

"Concern about His Excellency Kim Chong-il is ever growing" in South Korea, said the report.

Kim Yong-sam Group 'Senseless Human Rubbish'

SK2907044194 Pyongyang KCNA in English 0432 GMT 29 Jul 94

["Traitor Cannot Evade Stern Judgement"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—The Kim Yong-sam group is brutally suppressing the pro-reunification patriotic forces of South Korea by invoking the notorious "National Security Law [NSL]."

The traitor Kim Yong-sam is arresting South Korean people and students at random for the reason that upon the death of the great leader, they strongly demanded that messages of condolence be sent to the North and mourning missions be sent, pasted up big-letter papers praising the leader of the nation in many places and held mourning services.

The fascist rowdysm of the South Korean rulers in brandishing the sword at the people sharing grief at the loss of the father of the nation and expressing condolences by branding them as "elements benefitting the enemy" under the "National Security Law" is an indelible big crime never to be condoned.

Under the "NSL", the Kim Yong-sam group can freely exchange telephone messages with the North and hold talks with it and plan a trip to Pyongyang while other people are charged with "benefiting the enemy" for mourning the death of the leader of the nation and honoring his memory and trying to dispatch mourning groups to the North. This is a brigandish logic without parallel.

This makes it plain that the "NSL" is, to all intents and purposes, a political means of the security of power of the Kim Yong-sam group and a fascist club to mercilessly crack down on the pro-reunification patriotic forces.

The frantic brandishing of the "NSL" by the South Korean rulers these days is a desperate effort to prop up the disgraceful "civilian regime" on the edge of a cliff at any cost.

By failing to express condolences on the death of the great leader, the Kim Yong-sam group was branded as senseless human rubbish ignoring elementary courtesy and morality and totally forsaken as philistines with whom the nation cannot live under the same sky.

Seized with extreme uneasiness and fear, the Kim Yong-sam group has launched a wholesale roundup of pro-reunification patriotic forces to maintain its power. But this will only result in precipitating its own self-destruction.

The Kim Yong-sam group suppressing the people will face their stern judgement.

More on Alleged Suppression of Students in ROK

SK2907045694 Pyongyang KCNA in English 0447 GMT 29 Jul 94

["Reckless Act of Anti-Reunification Elements"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—NODONG SINMUN today denounces the South Korean rulers for suppressing the students who follow the chuche idea and those who shared sorrow with the fellow countrymen in the North over the death of President Kim Il-song, the great father of the nation, on charges of having relations with the North.

The news analyst says:

It must not go unnoticed that Kim Yong-sam himself issued an order to "sternly deal with" the expression of condolences to the North, branding it as an "act undermining the social ethos."

Those who set up incense-burning places and mourned the death of the peerless great man, who is the father of the nation, pasted up wallpapers praising his exploits and called for the dispatch of mourning delegations to the North are being brutally suppressed, branded as "forces sympathizing with the North" and "internal enemy." What is it, if not a downright challenge to the North?

If the Kim Yong-sam group had really wanted national reconciliation, unity and reunification, it should have shown etiquette, expressing condolences, encouraged mourning services in South Korea and used them as an occasion for national unity and reunification. They, however, behaved on the contrary. Can there be any more anti-national act than this?

The South Korean rulers are suppressing students and people by invoking the notorious "National Security Law" which defines the North as "enemy." This shows the South Korean rulers have neither the intention to reconcile themselves with the North nor the will to solve the reunification question peacefully through dialogue.

The anti-North confrontation campaign is a desperate effort and an epileptic fit of those who are driven to a tight corner, elbowed out of the course of reunification and forsaken by the people.

However hard the South Korean authorities may work to fascistize society and aggravate the North-South relations, they will only slap their own face and precipitate their own destruction.

They must remember that none of those who stood in confrontation with the North and laid obstacles to national reunification were safe and evaded a miserable doom.

ROK Memorial Services for Kim Il-song Reported

SK2607113094 Pyongyang KCNA in English 1049 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—A memorial service was held by members of the society for the study of the chuche philosophy who are followers of the chuche idea at Sillim-tong, Kwanak district, Seoul, at the time when the national memorial service for the great leader President Kim Il-song was solemnly held in Pyongyang, Seoul-based radio Voice of National Salvation reported.

Hung on the clear wall of the memorial service place was a portrait of President Kim Il-song and beneath it were two rare flowerpots.

The participants in the memorial service heard the live broadcasting about the national memorial service being held in Pyongyang, male students wearing black armbands and female students with white ribbons on their heads.

After hearing the broadcasting, a student surnamed Choe said that President Kim Il-song was a peerless patriot, a legendary hero, the incarnation of independent politics, a lodestar of national reunification testified to by history and proven by reality and an outstanding leader in the era of independence recognized by the world.

He stressed that the death of President Kim Il-song is a biggest loss and bitterest sorrow in the 5,000-year history of Korean nation.

The participants vowed to remain loyal to the dear leader Kim Chong-il who is carrying forward the intention of respected President Kim Il-song.

And a memorial service was held by members of "Hyangilhoe" on July 10 at Yu Pok-kon's house in Chinju, South Kyongsang Province.

The members who took part in the service said that though respected President Kim Il-song passed away, he will be alive forever in the hearts of the 70 million fellow countrymen.

They wrote in blood to pledge allegiance: "Let us follow and uphold general Kim Chong-il, let us hold the leader Kim Chong-il, president of reunification, in high esteem forever. July 10, 1994."

Defector Says Kim Chong-il Ousted Kim Song-ae

OW2507122294 Tokyo TOKYO SHIMBUN in Japanese 23 Jul 94 Morning Edition p 5

[by Yuji Yamamoto]

[Text] Seoul, 22 Jul—Yim Yong-son (aged 30), a former DPRK (North Korean) soldier who defected to South Korea last year, granted an interview to TOKYO SHIMBUN on 22 July. He stated that Secretary Kim Chong-il ousted his stepmother Kim Song-ae from the forefront of the political arena in the late 1970's.

According to Yim, this was because North Korean leaders including Secretary Kim Chong-il—who were shocked by an attempt by the Gang of Four, including Jiang Qing the wife of PRC Chairman Mao Zedong, to usurp power after Mao died in 1976—were afraid Kim Song-ae would become "another Jiang Qing" after President Kim Il-song's death. This information was reportedly common knowledge within the military in the 1980's when Yim served in the army.

Kim Song-ae made frequent inspections of many places in the early 1970's, and newspapers often carried articles about her. According to Yim, maternal schools for married women were established in many places and those who wanted to become a mother like Kim Song-ae engaged in various activities. In some cases, places Kim Song-ae inspected were preserved as they were, and plates or cups she used were on display.

According to Yim, Kim Song-ae was gradually excluded from official events because Kim Chong-il was on bad terms with her and also, because the leadership of the Workers Party of Korea and even President Kim Il-song—who witnessed Jiang Qing's seizure of power—were apprehensive that Kim Song-ae would act as an "empress dowager."

Although her name was included in the higher ranks on the list of attendants at President Kim Il-song's funeral and memorial services, she did not appear in North Korean television coverage of the services seen in South Korea.

Foreign Political Figures Praise Kim Chong-il

SK2607231994 Pyongyang KCNA in English 1519 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Political and academic figures of different countries are highly praising the greatness of the dear leader Comrade Kim Chong-il.

Jean Pierre Ngambi, general secretary of the Communist Party of Cameroon, when he met the DPRK ambassador to his country, said:

"The dear leader His Excellency Kim Chong-il is an outstanding thinker and theoretician and a genius of revolution and construction.

"Holding the illustrious leader Comrade Kim Chong-il in high esteem is the greatest happiness not only for the Korean people but also for all the fighters who are struggling for socialism.

"The greatness of Korea is the greatness of His Excellency Kim Chong-il."

Professor and doctor of Paris University No. 5 of France Edmond Jouve said at a roundtable talk with the international Radio of France on July 10:

"I enjoyed privilege of being received in audience by His Excellency Kim Chong-il on several occasions.

"He has further developed and enriched the chuche idea founded by President Kim Il-song and led the work of the party, the state and the Army as a whole.

"The inheritance of the socialist cause by His Excellency Kim Chong-il in Korea is, indeed, of weighty significance for us socialists.

"His Excellency Kim Chong-il has long become a successor to the cause of President Kim Il-song.

"I am convinced of the future of the Korean people with His Excellency Kim Chong-il at the head of the nation."

Joseph Asselam, director of the board of the African regional committee for the study of the chuche idea and chairman of the group for the study of the chuche idea of the Marien Ngouabi University of the Congo, made public a statement lauding the greatness of Comrade Kim Chong-il.

Joseph Asselam said: "He, possessed of extraordinary ideological and theoretical intelligence and outstanding leadership ability, has developed in depth the chuche idea of President Kim Il-song in conformity with the requirement of the present era and the developing revolution.

"His outstanding leadership is the source of all miracles wrought in modern Korea.

"He is highly praised as a veteran and tested leader of the revolutionary party building at the present time and a guide who leads to victory the struggle of the world people to rebuild the socialist movement."

Council Vice Premier Kang Hui-won Dies 28 Jul

SK2807224394 Pyongyang Korean Central Broadcasting Network in Korean 2113 GMT 28 July 94

[Text] An obituary on the death of Comrade Kang Hui-won:

Comrade Kang Hui-won, candidate member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and vice premier of the Administration Council, regrettably died at 1730 on 28 July, at age 73, after suffering from a lengthy illness.

Comrade Kang Hui-won was forced to do hard labor in the sorrow of a slavish, ruined people under the colonial rule of the Japanese imperialism. After liberation, he grew up to be an able functionary from the working class in the bosom of the great leader Comrade Kim Il-song and devotedly struggled for the national economic construction and for strengthening and developing our party.

In the period of building a new fatherland and during the fatherland liberation war, the comrade energetically worked for the national industrial development and for the victory of the war at important units of the power industry sector.

While carrying out important duties at local and central party and government organizations in the post-war period, the comrade struggled resolutely to implement our party line and policy for the socialist revolution and socialist construction and greatly contributed to developing the basic national industries and improving the people's living standard.

While working in a responsible position of the party and the state in the period when the cause of modelling the entire society after the chuche idea was put forward, the comrade consolidated the single-hearted unity among the leader, the party, and the masses in every way by firmly uniting party members and working people around the party and the leader and actively struggled to improve and strengthen administrative and economic activities.

Comrade Kang Hui-won firmly established the party's unitary ideological system; was boundlessly loyal to the party and the leader; and devoted all he had to the struggle for growth, prosperity, development of the fatherland, for the people's happiness, and for the victory of the chuche revolutionary cause under the party's leadership, until the last moment of his life.

Although the comrade died, his merits for the party, the revolution, the fatherland, and the people will remain forever.

[Dated] 28 July 1994
[Signed] The WPK Central Committee, the DPRK Central People's Committee, and the DPRK Administration Council.

State Funeral Committee Formed

SK2807225994 Pyongyang Korean Central Broadcasting Network in Korean 2116 GMT 28 Jul 94

[Text] The Workers Party of Korea Central Committee, the DPRK Central People's Committee, and the DPRK Administration Council decide:

1. The funeral of the late Comrade Kang Hui-won is to be held as a state funeral.

2. The state funeral committee for the late Comrade Kang Hui-won is to be formed as follows:

Comrade Kang Song-san, Comrade Kim Yong-nam, Comrade Han Song- yong, Comrade Choe Yong-nim, Comrade Hong Song-nam, Comrade Yang Hyong-sop, Comrade Hong Sok-hyong, Comrade Kim Hwan, Comrade Kim Pok-sin, Comrade Kim Chang-chu, Comrade Kim Chang-chu, Comrade Kim Yun-hyok, Comrade, Chang Chol, Comrade Kong Chin-tae, Comrade Yun Ki-pok, Comrade Pak Nam-ki, Comrade Kang Hyon-su, Comrade Yi Yong- mu, Comrade Yi Chi-chan, Comrade Choe Pok-yon, Comrade Kim Chang-ho, Comrade Yi Sok, Comrade Pak Yong-sok, Comrade Yi Chol-pong, Comrade Chong Chun-ki, Comrade Yi Song-tae, Comrade Kim Ung-sang, Comrade Kim Won-chin, Comrade Kim Yi-yong, Comrade Kwak Pom-ki, Comrade Kim Se-yong, Comrade Pak Won-hyon, Comrade Kim Hak-sop, Comrade Kim Song-ku, Comrade Yi Chae-yun, Comrade Yun Ki-chong, Comrade Kim Su- hak, Comrade Pak Myong-chol, Comrade Chong Mun-san, Comrade Yi Sok- nok, and Comrade Im Chong-sang.

Committee Announcement on Funeral

SK2807231394 Pyongyang Korean Central Broadcasting Network in Korean 2118 GMT 28 Jul 94

[Text] The state funeral committee for the late Kang Hui-won announces:

The bier of the late Kang Hui-won is being placed in the Sojang clubhouse in the Potonggang District, Pyongyang.

Mourners who want to bid a last farewell to the deceased will be welcome there from 1000 [0100 GMT] to 1900 [1000 GMT] on 29 July.

The bier of the deceased will be carried out of the house for burial at 1000 [0100 GMT] on 30 July.

Life of Kang Hui-won Detailed

SK2907043794 Pyongyang KCNA in English 0426 GMT 29 Jul 94

["Kang Hui-won Passes Away"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—Kang Hui-won, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-premier of the Administration Council, passed away at 17:30 [0830 GMT] on July 28, 1994, at the age of 73 after a long illness.

His obituary was published on July 28 by the Central Committee of the Workers' Party of Korea and the Central People's Committee and the Administration Council of the DPRK.

According to the obituary, Kang Hui-won firmly adhered to the monolithic ideological system of the party, remained intensely loyal to the party and the leader and devotedly worked for the prosperity of the country, the happiness of the people and the victory of the revolutionary cause of chuche under the leadership of the party till the last moments of his life.

After the liberation, he grew to be a competent official of working-class origin under the care of the great leader President Kim Il-song and devoted himself to the economic construction of the country and the strengthening of the Workers' Party of Korea.

He was born in Kumya County, South Hamgyong Province, on November 24, 1920, and engaged himself in physical labor till the country was liberated from the Japanese imperialists' colonial rule.

He worked at local party and working people's organisations and in the sector of the power industry after the liberation and at responsible posts of different units of the power industry during the fatherland liberation war and in the postwar period.

He was a vice department director and then a department director of the party Central Committee between August 1960 and August 1962, the leading official of the Pyongyang Municipal and Hamhung Municipal People's Committees till June 1978, the leading official of the North Hamgyong Provincial, Chongjin Municipal and Pyongyang Municipal party and administrative and economic organs and a vice- premier of the Administration Council between July 1978 and July 1994.

He was elected a deputy to the Supreme People's Assembly [SPA] since the third SPA in October 1962, a member of the party Central Committee since September 1961 and alternate member of the Political Bureau of the party Central Committee since April 1981.

The Central Committee of the Workers' Party of Korea and the Central People's Committee and the Administration Council of the DPRK decided to hold a state funeral for Kang Hui-won and formed a State Funeral Committee of 40 members including Kang Song-san, Kim Yong-nam and Han Song-yong.

More Personal History Cited

SK2907000294 Pyongyang Korean Central Broadcasting Network in Korean 2118 GMT 28 Jul 94

[Text] Brief personal history of Comrade Kang Hui-won:

Comrade Kang Hui-won was born in the family of a private school teacher in Kumya County, South Hamgyong Province, on 24 November 1920. He led a life of arduous labor under the Japanese imperialists' colonial rule until the nation was liberated.

Thanks to the great leader Comrade Kim Il-song's lofty political trust, Comrade Kang Hui-won worked in the local party and workers organizations after national liberation and in the electric power industry sector. During the period of the fatherland liberation war and after the war, he worked in the responsible positions in various units of the electric power industry sector.

From August 1960 to August 1962, the comrade worked as deputy director and director of a department in the party Central Committee. Since that time and until June 1978, he worked as responsible functionary in the People's Committee in Pyongyang and Hamhung.

From July 1978 to July 1994, the comrade worked as responsible functionary in the party, administration and economic organizations in North Hamgyong Province, Chongjin, and Pyongyang, and as vice premier in the Administration Council.

Comrade Kang Hui-won was elected as deputy to the Supreme People's Assembly [SPA] from the Third SPA in October 1962. In September 1961, he was elected as member of the party Central Committee and, in April 1981, he was elected as candidate member of the Political Bureau of the party Central Committee.

For the merits he achieved in the struggle to strengthen our party and to accelerate socialist construction, Comrade Kang Hui-won was awarded many citations and medals, including the Kim Il-song Medal, the highest medal of the Republic.

Comrade Kang Hui-won remained unswervingly loyal to the party and to the leader until the last moment of his life.

Comrade Kang Hui-won passed away at 1730 on 28 July 1994 at the age of 73.

Although Comrade Kang Hui-won has passed away, his merits achieved before our party and people will remain forever.

Kim Chong-il Sends Wreath to Bier

SK2907104194 Pyongyang KCNA in English 1030 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—The illustrious leader of our party and people Comrade Kim Chong-il today sent a wreath to the bier of Kang Hui-won, alternate Politburo member of the C.C. [Central Committee], the WPK [Worker's Party of Korea] and vice-premier of the Administration Council, expressing deep grief at his death.

Party, Government Cadres Visit Bier

SK2907145094 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 29 Jul 94

[Excerpt] On 29 July, party and government cadres visited the bier of Comrade Kang Hui-won, alternative member of the Political Bureau of the Workers' Party of Korea [WPK] Central Committee and vice premier of the State Administration Council, to express deep condolences over his death. A wreath sent by Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, was laid beside his coffin. Wreaths sent by the WPK Central Committee, the DPRK Central People's Committee, and the DPRK State Administration Council were laid beside his coffin as well. Honor guards of the Korean People's Army stood beside his coffin.

Comrade O Chin-u, member of the Presidium of the Political Bureau of the WPK Central Committee and minister of the People's Armed Forces; Comrade Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the State Administration Council; Comrades Yi Chong-ok, Pak Song-chol, and Kim Yong-chu, members of the Political Bureau of the WPK Central Committee and vice presidents of the DPRK; DPRK Vice President Kim Pyong-sik, chairman of the Korea Social Democratic Party Central Committee; Comrade Kim Yong-nam, member of the Political Bureau of the WPK Central Committee, vice premier of the State Administration Council, and foreign minister; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the Korean People's Army; Comrades Kye Ung-tae, Chon Pyong-ho, and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade Kim Chol-man, alternative member of the Political Bureau of the WPK Central Committee; Comrades Choe Yong-nim and Hong Song-nam, alternative members of the Political Bureau of the WPK Central Committee and vice premiers of the State Administration Council; Comrade Yang Hyong-sop, alternative member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, alternative member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Committee; Comrades Kim Ki-nam, Kim Kuk-tae, Hwang Chang-yop, Kim Chung-nin, So Kwan-hui, and Kim Yong-sun, secretaries of the WPK Central Committee; Comrades Kim Hwan, Kim Pok-sin, Kim Yun-hyok, Chang Chol, and Kong Chin-tae, vice premiers of the State Administration Council; Comrade Yun Ki-pok, chairman of the Economic Policy Committee of the Central People's Committee; Comrade Pak Nam- ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; and Comrade Yu Mi-yong, chairman of the Chondoist Chongu Party, paid condolence visits to the bier of Comrade Kang Hui-won. [passage omitted describes party and government cadres' expression of condolences for late Kang Hui-won]

Support of Kim Il-song Party Traditions Urged

SK2907102894 Pyongyang KCNA in English 1017 GMT 29 Jul 94

["NODONG SINMUN Calls for Unfailingly Exalting Revolutionary Traditions Established by President Kim Il-song"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—NODONG SINMUN today carries an editorial titled "Let Us Unfailingly Exalt Revolutionary Traditions Established by the Great Leader Comrade Kim Il-song."

The dear leader Comrade Kim Chong-il is quoted as saying:

"The glorious revolutionary traditions of our party are a precious wealth of our revolution gained by the great leader Comrade Kim Il-song in the protracted period of the anti-Japanese revolutionary struggle."

The editorial says:

Our party's revolutionary traditions established by the respected leader Comrade Kim Il-song fully represent the rare wisdom of the great leader, his tested leadership ability and noble virtues and when we rely on the traditions we will have neither hardships impossible to get through nor fortress impossible to capture.

Even if a storm rage and the world change a hundred times, our party and people will hold only to the revolutionary traditions of chuche established by Comrade Kim Il-song and will never waver on this road.

Standing at the head of our revolution today is the dear leader Comrade Kim Chong-il, the sagacious leader of our party and people and supreme commander of our revolutionary Armed Forces.

The dear leader is wisely guiding the work of defending, carrying forward and developing the revolutionary traditions established by the great leader, regarding this as an important matter on which the destiny of the party and revolution is staked.

Our people will remain faithful to the leadership of the dear leader as they pledged before the bier of the great leader and thereby exalt down through generations the revolutionary traditions of chuche established by the great leader.

The unity that is inherited in our revolution today is immediately the close unity around the dear leader Comrade Kim Chong-il. The dear leader is our destiny and the whole of our life and the symbol of all victories and glory. Through our experiences we have come to cherish deep in our hearts the faith that the dear leader guarantees our happiness and future and the eternal prosperity of the socialist motherland. We will hold the dear leader in high esteem with loyalty and filial piety and firmly defend our singlehearted unity like the apple of the eye, true to the noble behests of the respected leader.

If the entire party members and working people are to firmly defend and unfailingly exalt the revolutionary traditions established by the respected leader Comrade Kim Il-song, they must firmly arm themselves with the great chuche idea and carry it into practice to the letter.

Our party members and working people must strictly defend the purity of the revolutionary traditions of chuche, resolutely fight against the slightest deviation contradictory to them, not allowing it, and advance our revolution in reliance upon the revolutionary traditions established by the great leader.

Kim Il-song's Reminiscences Reported Abroad

SK2607232794 Pyongyang KCNA in English 1522 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Radio Fiesta of Nicaragua reported about Vol. 1 preface of part 1 the anti-Japanese revolution of "With the Century", reminiscences of the great leader President Kim Il-song.

The radio said:

"The great leader President Kim Il-song passed away. In this connection, the whole world is overcome with sorrow. It is because mankind has lost the great man with human quality at the highest level, the great leader who showed with his practical example how he aroused the people to the struggle for the independent construction of the country under the conditions of centuries-old backwardness and serious destruction and the great thinker and theoretician who implanted the idea of centering on man, the working masses in the minds of his people and the world people.

Our radio expresses deep condolences on the death of the great man, the great leader and the great thinker and theoretician."

The Russian papers VETERAN and PATRIOT and the Nepalese paper MAJADUR KISSAN carried part 1 the anti-Japanese revolution of the reminiscences "With the Century".

Kim Il-song's 'Warm Love' for His People Noted

SK2907152594 Pyongyang KCNA in English 1516 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—NODONG SINMUN, the organ of the Central Committee of the Workers' Party of Korea, and TV broadcasting continue editing special writeups and special programs with pictures and documentary films of the great leader President Kim Il-song among people on his death.

Looking up to the image of respected President Kim Il-song with smile in his face warmly shaking hands with workers, transplanting rice seedlings in Mirim Plain and conversations with peasants at ridges between fields, the people are chocked with tears in grief at the loss of their own father.

Every moment of the glorious and brilliant life of President Kim Il-song is embroidered with warm love for and infinite devotion to the people.

He found himself always among the people.

Saying he should go to any place where people live, he climbed rough ridges and traversed muddy roads, took meals with green maizes and pumpkins sometimes and slept at straw-thatched houses in rural villages.

One day in October, 1948, he visited Unha-ri, Yangdok County, a remote mountainous village, one day in September 1947, and dropped in at a farm-house and talked with a farmer all night, lying in bed side by side with him [sentence as received]. He left his own handwriting: "Please, write down 'pick gold from all mountains' and hand it down to posterity".

He visited Songha-ku, Songgan County, Chagang Province and slept in a train so as not to burden farmers there.

President Kim Il-song dropped in at a prefabricated apartment house in January 1958 and heard from a simple woman that floor- heated rooms are better for living. He made sure that all the high and ultra-high dwelling houses were built with floor heating, saying all that people say good is good. He saw a woman carrying a water jar on her head on his way to a rural village in spring, 1969, before adopting the introduction of water service into the countryside as a decision of the party congress.

Legendary stories are told among the Korean people that President Kim Il-song visited Songjin Steel Works (the name in those days) right after the liberation of the country and saw to it that the oven of the first stage iron processing harmful to the health of workers was blasted without traces, that he went to Oguk-ri, Anak County, South Hwanghae Province, in May 1974 and built an ideal communist village there, saying he would become a builder of Oguk- ri, that he sent tonics to 11 pupils, saying their health is not good when he met them on his way to the Hwanghae Iron and Steel Complex and that he took an old woman on his car on his way of on-the-spot guidance when he met her on a road to her daughter's home.

Indeed, there are a plenty of stories of his love for the people.

Thanks to his magnanimous loving care, the Korean people are enjoying a happy life, with no worries about food, clothing, housing, studying and medical treatment.

That is why the Korean people have remained loyal to the great leader President Kim Il-song, calling him father.

Monument to Victory of Fatherland Liberation War

SK2707105694 Pyongyang KCNA in English 1034 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—One year has passed since the monument to the victory in the fatherland liberation war was unveiled in Korea.

In this period working people of all strata, students and school children and officers and men of the People's Army, 2.24 million in all, visited it.

Among the visitors were more than 910 foreign delegations and over 13,300 foreigners and overseas Koreans.

A large number of people have called at it on the threshold of the day of second liberation (July 27).

Going round the groups of sculptures of the monument, they all renew their unshakable pledge to achieve national reunification and the revolutionary cause of chuche as intended by President Kim Il- song in his lifetime, holding the great General Kim Chong-il in high esteem at the head of the party and the revolution and always remaining loyal and filial to him, by inheriting the noble spirit of the heroic soldiers in the 50s who were loyal to the respected leader President Kim Il-song.

Many students of graduating classes of senior middle schools hold meetings before the monument and volunteer for the Korean People's Army, vowing to defend the dear leader Comrade Kim Chong-il with arms at the cost of their lives and hold his leadership with loyalty.

The monument, a grand site of educating people in a revolutionary and militant manner and vigorously arousing them to heroic feats, is situated on a bank of scenic Pothong River. The total plottage of the monument which was splendidly built as a hero monument of the era in one year and more on the initiative and under the energetic guidance of Comrade Kim Chong-il is 150,000 square metres. The monument consists of the gate, a monument of the great leader President Kim Il-song's autographed dedication and a monument of poem on both sides inside the gate, the sculpture of the main theme "victory" at the end of the 400- metre long ground opposite the gate and 10 groups of sculptures of subsidiary themes standing symmetrically on either side of the ground.

The number of sculptures of men is 78.

The monument clearly reflects the unshakable revolutionary faith and will of the Korean people to convey long through generations the feats of the Korean people and People's Army soldiers who fought a heroic fight for the freedom and independence of the country, firmly defend the cause of socialism and accomplish the revolutionary cause of chuche through generations.

Increase in Iron, Coal Production Reported

SK2607112294 Pyongyang KCNA in English 1037 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Working People of Korea are effecting a great upswing in production by rising up vigorously, turning the bitterest grief at the loss of the great father of the nation into strength and courage of a thousand fold.

The workers of the Musan mining complex, a leading iron headings producer, made an appeal for upholding the leadership of the dear leader Comrade Kim Chong-il with loyalty by boosting ore output. They have lifted the daily output of iron headings 80 percent above that early in the month by markedly enhancing the operation rate of equipment and actively introducing efficient work methods.

The working people under the Ministry of Mining Industry boosted the output of nonferrous metal ores to over 200 percent, concentrated phosphate ores to 139.8 percent, phosphate fertilizer to 113.8 percent and nonferrous metals to 120 percent during the last ten days compared with the same period of previous days.

In this period, the Sunchon area coal complex overfulfilled its commitments on all indices by 20 percent on an average, including capital tunnelling, preparatory tunnelling and coal production.

The Korean associated silk group had carried out the monthly assignment for the production of silk fabrics by 80 percent as of July 20 and the Phalwon silk mill has hit its monthly plan ahead of schedule.

The Pyongyang Bureau of Railways is hauling 13,000 more tons of freight on a daily average than early month.

New innovations have been reported from the Taean heavy machine complex, the Rakwon machine complex, the Kim Chong-tae united electric locomotive works, the Kumsong united tractor works, the August 2 cement factory and other industrial establishments.

Increase in Fruit Harvest Reported

SK2607153194 Pyongyang KCNA in English 1525 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Picking of early ripening fruits is in full swing on the fruit farms of Korea.

According to data available, the fruit farms look ahead to a 20 percent jump above last year in the harvest of early ripening fruits this year.

The great leader President Kim Il-song gave instructions to produce early ripening fruits in larger quantities and supply them to the people, while giving on-the-spot guidance to the Pyongyang fruit farm and the Kwail County integrated fruit farm in May and September last year.

Fruit farms in different parts of the country have largely expanded the area under early ripening fruits to produce much more fruits and send them to Pyongyang municipality, Yanggang and Chagang Provinces, and other places.

The Kwail County integrated fruit farm is daily picking hundreds of tons of peaches and plums.

The Pyongyang, Yongjon and Sukchon fruit farms expect a rise of 20 to 30 percent above last year in the harvest of early ripening fruits as a result of effective manuring and tending of fruit trees.

Forestry Functionaries: Log Production Increased

SK2507132194 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 24 Jul 94

[Text] The loggers under the Forestry Ministry across the country are effecting a new upsurge in logging, upholding the lofty will of the great leader in his lifetime. Vice-minister Kim Yong-ho and Pak Yong-pal, a department director of the Forestry Ministry, who met reporter Han Sung-chan of the Central Broadcasting Network stated:

[Begin recording] [Kim Yong-ho] All the functionaries of our Forestry Ministry and the loggers are rapidly increasing log production these days bearing deep in their hearts the great leader's teaching he gave us in his lifetime and with a resolve to uphold the dear comrade leader with loyalty.

According to the data we compiled, the loggers across the country have doubled their daily production target for these 10 days compared to the previous target, turning their deep grief into a thousand-fold vigor and courage. This means they increased log production by some 20,000 cubic (?meters) during this period.

[Pak Yong-pal] The loggers under our Forestry Ministry are determined to uphold the dear comrade leader by increasing log production. The loggers under the forestry management office of North Hamgyong Province produced 2.9 times as much timber during these 10 days as they did before for supply to coal mines.

The loggers under the Yanggang Forestry General Bureau have produced some 1,000 cubic meters more on a daily average basis during these 10 days than before by putting into practice a well-organized production plan and supervision in conformity with the cyclic logging policy.

The loggers under the No. 121 Forestry General Bureau, upholding the party's policy, are increasing the daily log production by some 800 cubic meters compared with the original target.

We will increase the timber and log production for supply to various sectors of the people's economy, including coal mines, by further improving the organizational and commanding work for logging. [end recording]

Chongnyon Groups Lay Wreaths for Kim Il-song

SK2707045594 Pyongyang KCNA in English 0441 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—Delegations and visiting groups of the General Association of Korean Residents in Japan (Chongnyon) staying in the socialist homeland including the delegation of educational workers of Chongnyon led by Yi Sang-u, a section chief of the Central Standing Committee of Chongnyon, and the delegation of men of literature and art of Chongnyon led by Kim Chong-su, director of the secretariat of the Central Standing Committee of the union of Korean literary men and artists in Japan, laid wreaths beneath the statue of the great leader President Kim Il-song on Mansu Hill here and paid a silent tribute to him Tuesday.

They expressed their firm resolve to change the deep grief and pain at the loss of the affectionate father of the nation and great leader of the revolution into a thousand-fold strength and courage and remain loyal and filial to the dear leader Comrade Kim Chong-il to the end of the sun and the moon, true to the behests of the great leader.

Foreign Groups Issue Appeal on War 'Danger'

SK2607153694 Pyongyang KCNA in English 1503 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—A joint appeal titled "Let us arrest danger of new war in Korea" was published by political parties and public organizations of Italy, France, Britain, Switzerland, Spain and Algeria and the international committee of jurists for democracy and human rights in South Korea in Rome recently.

The appeal expressed deep apprehensions for the danger of a new war in Korea and voiced full support to the proposal of the Democratic People's Republic of Korea to replace the Korean Armistice Agreement signed in 1953 with a peace agreement to prevent the danger.

"Replacement of the Korean Armistice Agreement with a peace agreement will check a constant danger of war created on the Korean peninsula and guarantee peace and security," the appeal said.

Pyongyang Declaration Signed by More Parties

SK2607232694 Pyongyang KCNA in English 1509 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—The Quebec Communist Party of Canada and the world and Arab regional leadership of the International Islamic Front Against Zionism recently signed the Pyongyang declaration "Let us defend and advance the cause of socialism," bringing the number of the political parties across the world that signed the Pyongyang declaration published in April 1992 to 215 as of July 20.

Groups Express Solidarity With Korean Cause

Asian Regional Institute of Chuche

SK2607112794 Pyongyang KCNA in English 1032 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Firm solidarity with the Korean people's just cause for the country's reunification, independence and peace was expressed in different countries on the occasion of the June 25-July 27 month of international solidarity with the Korean people.

President T.B. Mukherjee in a joint meeting held by the Asian Regional Institute of the Chuche Idea said that it is 40 odd years since the war ceased in Korea, but situation of the Korean peninsula is still strained.

He said:

"It is more important than anything else to strengthen international support and solidarity of the anti- imperialist forces of independence for the heroic struggle of the Korean people at the time when the United States is openly scheming to stifle the DPRK, mobilizing international organisations.

"If a war breaks out in Korea, we will defend socialist Korea shoulder to shoulder with the Korean people in the same trench."

Its Secretary General Govind Narain Srivastava said in his speech that it is miscalculation to approach socialist Korea like former socialist countries of East Europe or think that military and economic sanctions will have effect on the country as on Iraq.

No force on earth can bring the Korean people who have strong independent national economy to their knees, he stressed.

Speakers at functions held in Mongolia, Italy, Egypt, Russia and by the African regional committee for the study of the chuche idea said that Korea's reunification should be achieved in a democratic and peaceful way in accordance with the 10-point programme of the great unity of the whole nation advanced by the great leader President Kim Il-song.

Referring to the U.S. imperialists' moves to stifle Korea and ignite a new war in Korea, they said that the United States should draw proper lessons from its defeat in the past Korean war and immediately give up the nuclear war provocation moves.

The African regional committee for the study of the chuche idea said in a statement that Korea should be reunified by the means of confederacy based on one nation, one state, two systems and two governments on the three principles of independence, peaceful reunification and great unity of the nation.

Ghana, India, Jordan, France

SK2907104494 Pyongyang KCNA in English 1028 GMT 29 Jul 94

[Text] Pyongyang, July 29 (KCNA)—The efforts of the Korean people for the peace and peaceful reunification of the Korean peninsula was supported in different countries in the June 25-July 27 month of international solidarity with the Korean people.

Ghanaian Parliamentarian George Kweno Mettle [spelling of name as received] said the most reasonable way of ensuring peace in the Korean peninsula is to replace the armistice agreement with a peace agreement and establish a peace arrangement as proposed by the Democratic People's Republic of Korea. He called on all the progressive people of the world to extend full support and solidarity to the Korean people.

The African Regional Committee for Friendship and Solidarity With the Korean People said the proposal made by the DPRK to the United States to have negotiations for establishing a new peace arrangement in place of the existing armistice mechanism is a peaceful, patriotic and internationalist overture aimed at preventing another war and ensuring a durable peace in the Korean peninsula and, further, safeguarding peace and security in Asia and the rest of the world. It strongly urged the United States to accept the proposal.

The Secretariat of the All-Indian Trade Union Congress highly estimated the consistent efforts of the DPRK for the peaceful reunification of the country and demanded an immediate withdrawal of the U.S. forces and nuclear weapons from South Korea.

The Jordanian Committee for Solidarity With the Korean People declared that if the imperialists unleashed a war of aggression in Korea, it would fight on the same trench with the Korean people.

The French Committee for Recognizing the Democratic People's Republic of Korea and the Federation of Revolutionary Trade Unions of Madagascar expressed full support to the efforts of the Korean people to reunify the country peacefully.

Meanwhile, the Peru-Korea Institute of Culture and Friendship and the Peruvian Committee for Supporting the Independent and Peaceful Reunification of Korea jointly published a bulletin.

Carried in the bulletin are parts of the nuclear issue of the Korean peninsula and its reunification from answers to questions raised by the general director of the Latin

America News Agency "Prensa Latina," a work of the great leader President Kim Il-song.

10-Point Program Signature Campaign Conducted

Cambodia, Egypt, Burundi

SK2507151994 Pyongyang KCNA in English 1505 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—Signature campaigns were conducted in different countries to support the "10-point programme of the great unity of the whole nation for the reunification of the country" advanced by the great leader President Kim Il-song.

Chea Sim, chairman of the Central Committee of the People's Party of Cambodia, signed the signature paper on behalf of the entire party members on July 5.

The signature paper stated that the 10-point programme is a great charter of national unity, which most explicitly indicated the way of Korea's reunification, and an inspiring banner which conforms to the desire of the world's people to live in peaceful world.

"We express full support to and solidarity with the Korean people in their efforts to implement the '10-point programme of the great unity of the whole nation for the reunification of the country' and realise the independent and peaceful reunification of the country," it noted.

Signature papers were also signed by Abdul Moeim Emara, chairman of the Egypt Supreme Council for youth and sports, on behalf of two million Egyptian young people and by Lazaru Bukuru Matata, Bubanza provincial governor of Burundi, on behalf of 300,000 (?populations).

Yugloslavia, Mexico, Senegal

SK2607230494 Pyongyang KCNA in English 1507 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—The signature campaign supporting "10-point programme of the great unity of the whole nation for the reunification of the country" laid down by the great leader President Kim Il-song has been conducted in different countries and at an international organization.

The signature paper was signed by Stevan Markovic, chairman of the Central Committee of the League of Communists of Yugoslavia, on July 8 on behalf of all the party members.

The paper said the proposal for founding the Democratic Confederal Republic of Koryo is the most realistic and reasonable proposal for reunifying Korea by the confederacy formula. It stressed that such physical, institutional and legal mechanism as the concrete wall obstructing national unity and Korean reunification must be removed.

The signature paper was signed in Mexico by Miguel Guerra, member of the parliament from the Socialist People's Party, secretaries of the Puebla State Committee of the party, the general secretary of the Puebla State Committee of the Democratic Revolutionary Party, the general secretary of the Puebla State Committee of the people's party, professors, teachers and students.

The chairman, the vice-chairman and the secretary general of the Senegalese peace movement signed the signature paper on July 17 and Donatien Okombi, permanent secretary of the African committee of the World Peace Council, on July 18 on behalf of the members of their organizations.

Taekwondo Federation President, Others Depart

SK2607080994 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 21 Jul 94

[Text] Choe Yong-hui, president of the International Taekwondo Federation; Cho Tae-song, secretary general of the International Taekwondo Federation and chairman of the Washington council of the fatherland's reunification; Pak Kyong-yun, chairman of the Mt. Kumgang International Group; Kim Chin-kyong, a Korean residing in the United States; a Korean businessman residing in Japan; and Son Tal-hon's son and entourage, who came to the fatherland to pay condolences to the great leader Comrade Kim Il-song, left Pyongyang on 21 July by plane.

Comrade Kim Yong-sun, and other functionaries concerned bid them farewell at the airport.

More People Overseas Hold Memorial Services

SK2507153694 Pyongyang KCNA in English 1516 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—A memorial service took place at the building on the Russian Korean Association (Unity) [words indistinct] on the death of the great leader President Kim Il-song.

The memorial service with the attendance of the delegates of the international, Russian, Tadzhik and Moscow Korean Associations (Unity) and the Association of Korean Women in Moscow and compatriotic activists heard a memorial address by Yi Tong-chol, chairman of the Russian Korean Association (Unity), and speeches by chiefs of the organisations of Koreans at all levels and compatriots.

The speakers called for turning the sorrow into strength and courage to double efforts to accomplish the historical cause of national reunification which the fatherly leader had made tireless efforts to give the Korean people as a gift.

They said that as there is the dear leader Comrade Kim Chong-il the cause of the great leader would be accomplished to the end and the country be reunified without fail. They vowed to fight it out under the guidance of Supreme Commander Comrade Kim Chong-il.

Meanwhile, messages of condolence came to Comrade Kim Chong-il from Kwon Chon-sik and An Yong-bok of the Sakhalin regional committee of Koreans for support to peaceful reunification, Pak Kyong-nam, chairman of the committee of Koreans in the republic of Kyrgyzstan for the promotion of Korea's reunification, L.M. Kang, chairman of the Kazakh Korean Association (Unity), Cu Chol-su, chairman of the International Korean Youth Association (Unity), Choe Yong-su, chairman of the organisation of Korean citizens in Russia, and chiefs of many other organisations.

More on Foreign Condolences, Embassy Visits

SK2507114494 Pyongyang KCNA in English 1059 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—Political and public figures of different countries and officials of international organisations paid condolence calls at DPRK missions on the death of the great leader President Kim Il-song.

Political and public figures of Zaire, Nigeria, Togo, Sierra Leone, Cameroon, Guinea, Mali, Venezuela and Libya called at the DPRK Embassies in their countries to express condolences from July 11 to 20.

Visitors laid wreaths before portraits of President Kim Il-song, observed moment's silence and made entries in mourner's book to express deep condolences.

In the entries they made in mourner's book, they said that his excellency the great President Kim Il-song was an outstanding leader who founded the immortal chuche idea and thus opened up a new era of human emancipation, and that his exploits for mankind will be immortal.

Noting that the death of his excellency President Kim Il-song is a big loss and sorrow not only for the Korean people but also for the peoples of the Third World countries, the Zairean vice-minister of foreign affairs, Mukulumanya, said that the president will live forever with the whole mankind for his great feats for the Korean and world peoples.

On the death of President Kim Il-song, in the period from July 11 to 16, Giancarlo Elia Valori, secretary general of the Italian Institute of International Relations; Luciano Pettinari, member of the leadership and secretariat and international secretary of the Communist Re-establishment Party of Italy and member of the European Parliament; Gilbert Grosbusch, chairman of the Luxembourg committee for support to Korea's reunification; the deputy chief for Far East of the Asia department of the Foreign Ministry of France, and political parties, organisations and individual personages of different countries and officials of international organisations paid condolence calls at DPRK missions.

Moldova, Azerbaijan, Uganda, More

SK2507153494 Pyongyang KCNA in English 1511 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—The dear leader Comrade Kim Chong-il received messages of condolence from foreigners on the death of the great leader President Kim Il-song.

The messages came from Andrei Nicolae Sangheli, prime minister of Moldova; Suret Guseynov, prime minister of Azerbaijan; Nabih Birri, president of the National Assembly of Lebanon; Moses Kigongo, vice- chairman of the National Resistance Movement of Uganda; Mouhammed Ibrahim Ali, member of the C.C. [Central Committee], the Arab Socialist Baath Party and commander of the People's Army of Syria; Antonio Enriguez Savignac, secretary general of the World Travel and Tourism Council; Fawzi Hamad al-Sultan, president of the International Fund for Agricultural Development; Lyudmila Dikina, chairwoman of the Russian Academy of Traditional Culture; the general secretry of the December 12 Movement of the United States; David Cargo, former governor of New Mexico state, the United States; M. Demskov, editor-in-chief of the Russian paper PATRIOT; Yasuhiko Inukai, president of the KYODO News Service; Toshitada Nakae, preside t of ASAHI SHIMBUN of Japan; Daniel Laurante, director of the Pillimax Corporation of France, and other foreign political and public figures, men of the press and international organizations.

The messages expressed deep condolences to Comrade Kim Chong-il over the death of President Kim Il-song.

Noting President Kim Il-song was a symbol of the world progressive people and anti-imperialist fighters aspiring after socialism and a most outstanding leader who fought for the emancipation of mankind, they said his immortal feats would shine long in human history.

They expressed the conviction that the Korean people, closely rallied around Comrade Kim Chong-il, would certainly achieve the country's reunification and the revolutionary cause of chuche President Kim Il-song had desired in his lifetime.

Pakistan, Cyprus, Palestine, More

SK2607045594 Pyongyang KCNA in English 0426 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Messages of condolence came to the dear leader Comrade Kim Chong-il from foreign party leaders on the death of the great leader President Kim Il-song.

They came from A.F.M. Mahbubul Huq, chairman of the C.C. [Central Committee], the Socialist Party of Bangladesh; Mujahdul Islam Selim, general secretary of the C.C., the Communist Party of Bangladesh; Chairman Ricardo Losada Valderrama, International Secretary Fernando Sanchez and Press Secretary Jose Dubiel

Vasquez Arias of the Liberal Change Movement of Colombia; C.R. Aslam, president of the Pakistan Socialist Party; Vassos Lyssarides, chairman of the C.C., the Socialist Party of Cyprus; Denzil Douglas, leader of the St. Kitts-Nevis Labour Party; Arabi Awad, general secretary of the Revolutionary Communist Party of Palestine; Klaus Riis, chairman of the C.C., the Communist Party of Denmark (M-L); and Zbigniew Wiktor, chairman of the National Executive Committee of the Polish League of Communists "Proletariat".

Noting that President Kim Il-song performed great feats in his life for the Korean revolution and the world revolution, the messages say his great feats will shine long in the history of the struggle of mankind for independence.

They express the belief that the Korean people will successfully accomplish the revolutionary cause of President Kim Il-song under the outstanding leadership of Comrade Kim Chong-il.

Condolence Messages Summarized

SK2607052094 Pyongyang KCNA in English 0446 GMT 26 Jul 94

["Great Man of Century"—KCNA headline]

[Text] Pyongyang, July 26 (KCNA)—Foreign party and state leaders and high-ranking officials expressed their pains on the death of the great leader President Kim Il-song in the following words:

- The international communist movement has lost a great fortress.

- The most outstanding leader produced by our planet has departed from us. I am overcome by sorrow at the loss of the centripetal center about which our planet has gone round on its orbit.

- The death of the great President Kim Il-song is the biggest loss not only for the Korean people but also for the world peaceloving people.

These words fully show the bitter grief of the whole mankind that has lost the most distinguished great man, the great leader, in the present era.

Indeed, President Kim Il-song was a rare hero and a great man of the century who had an outstanding leadership ability and rare qualities.

Shock to the global community

There had been many shocking news in human history.

But there had been no news that had plunged the global community into sorrow in a moment like the death of President Kim Il-song.

Receiving the sad news, mass media of all countries reported that President Kim Il-song who had enjoyed the deepest respect of the Korean people passed away and said the news came as a great shock to all parts of the planet.

Messages or letters of condolence came from nearly all party, state and government leaders, and political and public figures of the five continents.

Countless telegrams of condolence flashed to Pyongyang carried pains at the loss of the most distinguished great man to mankind.

National mourning periods and mourning days were set in Cuba, Cambodia, Vietnam, Laos, Syria, India, Thailand, Nepal, Mozambique, Uganda and other countries, emergency meetings were called or communiques, decisions, statements and mourning letters adopted and published on his death by dozens of countries, political parties and organisations including the Vietnamese Party, State and Government, the Guyanese Foreign Ministry, the Britanic Communist Party, the Socialist Party of Ecuador, the Socialist Revolutionary Party of Peru.

Memorial services for President Kim Il-song were held in various regions and countries of the world with party and state leaders and high-ranking officials in attendance.

Incumbent and former party, state and government heads, officials of political parties and public organisations and public figures of various countries and senior officials of international organisations made condolence calls at DPRK embassies and missions and expressed most sincere condolences on the death of the president.

The death of President Kim Il-song is the most painful loss of a great man and a great leader for the whole mankind.

"Father of all people"

The feats performed by President Kim Il-song in his life of over 80 years defy comparison to the height of the sky and the depth of the sea. All the people embraced in his bosom were impressed so deeply by his great personality that they looked back on their past life, found the path of true life and saw a bright prospect for breaking through any difficulty.

The president was, indeed, the greatest of the great men and the affectionate father of all the people.

V. Anpilov, chairman of the Executive Committee of the "Working Russia" Movement, said: "We have lost the greatest revolutionary in the present time with death of the president. The death of President Kim Il-song was the loss of our father."

Kazuo Aichi, Shinseito member of the House of Representatives and former director general of the Defence Agency of Japan, expressed deep condolences on the death of President Kim Il-song, saying that he was a great father, that he, most deeply revered and respected by the

Korean people, was a great leader without an equal in the world and the father of the people.

"Even if the sky had fallen and the earth had broken, my heart would not have been contracted with such pain and grief. I wish I were able to make the heart of the brilliant commander respected by the world beat again by dedicating my heart. Indeed, the great leader was the benefactor of my life, my own father and my own brother" said Cuban Woman Lawyer Candelaria Rodriguez in grief.

She said she visited Korea as a member of a fact-finding group of the Women's International Democratic Federation in her maidenhood in May 1951 during the fatherland liberation war of the Korean people and was charmed by the look of the hero who led the formidable emeny by the nose and his tender and affectionate personality.

Her words fully show the sorrow of all the people who have lost the sun of the times.

Transcending political view and religious beliefs

Differences in ideology, idea, political view and religious belief were disregarded in the expression of condolences on the death of President Kim Il-song.

Many state leaders and high-placed political figures of the West who had been standing in confrontation with the DPRK only recently, expressed deep condolences on the death of the president.

U.S. President Bill Clinton made public a statement expressing sincere condoldences on the death of the president, appreciating his leadership ability.

Former U.S. President Jimmy Carter also published a statement expressing sincerest condolences on his death. He told his assistant after his Pyongyang visit in June that he was completely charmed by President Kim Il-song and felt that he was a man who loved peace the moment he met him.

French President Francois Mitterrand expressed deep condolences, saying President Kim Il-song was a great head of state. Saying he was the only person who had met President Kim Il-song among the heads of the seven western industrialized nations, he stressed: "He was a great man who has been active till this date from the end of the second world war."

Messages of condolence came from Japanese Prime Minister Tomiichi Murayama, Former Prime Minister of Japan Tsutomu Hata, President of the Liberal Democratic Party of Japan Yohei Kono, Canadian Governor-General Ramon John Hnatyshyn and many other state leaders and political figures of the West.

U.S. religious leader Rev. Billy Graham, the delegation of the U.S. side to the DPRK-U.S. talks, Spencer, a private assistant to Jimmy Carter, and his family made condolence calls at DPRK missions.

The UN Secretary-General, the UN Security Council, the president of the UN General Assembly and the participants in a meeting of the UN Economic and Social Council and international organisations expressed condolences.

Indeed, President Kim Il-song who devoted his whole life to the popular masses' cause of independence, taking the idea of "believing in the people as in heaven" as his lifelong maxim, was a great man, a great leader who enjoyed respect and love of all the people for his undying feats for the times and mankind.

Chuche Idea Study Organizations

SK2607112994 Pyongyang KCNA in English 1044 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—The dear leader Comrade Kim Chong-il received messages of condolence from chuche idea study organisations, friendship and solidarity organisations and public figures of different countries on the death of the great leader President Kim Il-song.

The messages came from professor and doctor of Paris University No. 5 of France and academician Edmond Jouve, vice-director general of the international institute of the chuche idea and president of the council of the European society for the study of the chuche idea; professor of Yaounde University of Cameroon Mono Ndjana Hubert, director of the board of the African regional committee for the study of the chuche idea; Abdoullaye Fanie Toure, chairman of the society for the study of the chuche literary idea of Guinea; Ismael Rojas Alvares, chief of the Mexican group for the study of the chuche idea; Stanislas Nsabimana, chief of the Burundian group for the study of the chuche idea; Guillaume Purbuar Mputubala, secretary general of the society for the study of Kim Chong-il's works in Zaire; James Bisobiye, vice- chairman of the Ugandan national committee for the study of the chuche idea; B.C. Gupta, chairman of the chuche idea study society of Delhi, India; Secretary General Gilberto Zapata Isaza and chief in external relations Margarita Rodriguez Biloria of the Latin American and Caribbean regional committee to support the reunification of Korea; Bishnu Sundar Pradhan, secretary general of the Nepalese committee for supporting Korea's reunification; Madirisha Juvenal, secretary general of the African committee for friendship and solidarity with the Korean people and chairman of the Burundian committee for supporting Korea's reunification; Stanley Faulkner, vice-chairman of the international liaison committee for reunification and peace in Korea; David Kiblrango, chairman of the Uganda-DPRK friendship association and political advisor to the president of Uganda; and many other chuche idea study organisations, friendship and solidarity organisations and public figures of different countries.

The messages of condolence said that the whole life of the great leader was that of the tender-hearted father who devoted his all to the popular masses' cause of independence. They stressed that though he left us, his august name and feats will shine forever with human history.

Koreans Overseas Send Messages

SK2607113394 Pyongyang KCNA in English 1053 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Messages of condolence on the death of the great leader President Kim Il-song came from the headquarters of Koreans in China of the National Alliance for the Country's Reunification (Pomminnyon) and its Yanbian, Heilongjiang and Liaoning area associations and its Shengyang branch and its federation of businessmen, the headquarters of Koreans in China of the National Alliance of Youth and Students for the Country's Reunification, vice-chairman of the Pomminnyon Federation of Korean Businessmen in China Kim Sung-ku, the family of China-resident Korean Kim Song-su, and Kim Myong-hui, Kim Son-hui, Kim Mu and Kim Pok-hui of the Jilin city branch of the Pomminnyon headquarters of Koreans in China. And a memorial address was sent by Yang Un-sik, permanent chairman of the U.S. headquarters of Pomminnyon.

The messages and address say that though the fatherly leader President Kim Il-song passed away, his affectionate and great appearance will be kept forever in the memory of the Koreans overseas and the immortal feats he performed for the reunification of the country and the happiness of the people will shine in the history of the nation and the world through all ages.

They express the belief that national reunification desired by the fatherly leader will be surely achieved under the wise guidance of the dear leader Marshal Kim Chong-il and our socialist homeland will continue to prosper.

India, Bangladesh, Angola, More

SK2707050994 Pyongyang KCNA in English 0446 GMT 27 Jul 94

[All names are as received]

[Text] Pyongyang, July 27 (KCNA)—The dear leader Comrade Kim Chong-il received messages of condolence from foreign party leaders on the death of the great leader President Kim Il-song.

They came from Tridib Chaudhry, general secretary of the Revolutionary Socialist Party of India; Khalequzzaman Bhuiyan, convenor of the C.C. [Central Committee], the Socialist Party of Bangladesh; Udorn Tantisuntorn, general secretary of the Palang Dharma (Righteous Force) party of Thailand; Harmoko, general chairman of the C.C., the ruling Golkar party and minister of information of Indonesia; Mashiku Vidamo Anbroise, chairman of the Socialist Vanguard Movement of Zaire in Angola; Malimbe Masheke, national chairman of the United National Independence Party of Zambia; Angel Castro Lavarello, chairman of the Peruvian Front for National Liberation; Gustavo Tablada, chairman of the Nicaraguan Socialist Party; Francois Ouedraogo, general secretary of the Burkinabe Socialist Party; Moukoueke Cristophe, general secretary of the Pan-African Union for the Social Democracy of the Congo; Gerard Francois Yandza, chairman of the African Socialist Movement of the Congo; Rolf Priemer and Heinz Stehr, co-chairmen of the German Communist Party; Milomir Minic, general secretary of the Serbian Socialist Party; and Blasco Hugo Fernandes, chairman of the national direction committee of the Democratic Intervention of Portugal and chairman of the executive committee of the Portugal-Korea Friendship Association.

They express deep condolences on the death of President Kim Il- song, saying the death of the outstanding leader in the present era is a big loss for the Korean people and the world progressive people.

They express the belief that the Korean people will successfully carry forward the revolutionary cause of President Kim Il-song to accomplishment under the wise guidance of Comrade Kim Chong-il.

Book on Kim Chong-il's Works Published in Italy

SK2707104094 Pyongyang KCNA in English 1017 GMT 27 Jul 94

[Text] Pyongyang, July 27 (KCNA)—A book containing "On the Chuche Idea" and "Abuses of Socialism Are Intolerable," famous works of the dear leader Comrade Kim Chong-il, was published by the Political Study Publishing House, Italy.

The book carries a portrait of Comrade Kim Chong-il and his brief biography.

Also carried in the book is an explanation by Paolo Pioppi, international secretary of the Movement for Peace and Socialism of Italy and secretary general of the Italian Committee for Reunification and Peace of Korea, who translated the works in Italian.

The explanation says "On the Chuche Idea" contains the origin of the chuche idea, its philosophical principle, socio-historical principle and guiding principle and its historical significance.

It notes that "Abuses of Socialism Are Intolerable" refutes the argument of the imperialists and reactionaries that the socialist society is an inhuman society devoid of freedom and democracy and indicates ways of steadfastly defending and advancing the cause of socialism.

Chongnyon Delegations, Visiting Groups Arrive

SK2507152194 Pyongyang KCNA in English 1501 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—A delegation of educationists of the General Association of Korean Residents in Japan (Chongnyon) led by Yi Sang-u, section chief of the Central Standing Committee of Chongnyon, a delegation of men of literature and art of Chongnyon led by Kim Chong-su, director of the secretariat of the Central Standing Committee of the union of Korean literary men and artists in Japan, a delegation of women's union officials of Chongnyon led by Kang Chu-yon, section chief of the Central Standing Committee of the Democratic Union of Korean Women in Japan, a home-visiting group of traders and industrialists of Chongnyon led by Kang Su-il, deputy director of the permanent council of the Federation of Korean Traders and Industrialists in Japan, a home-visiting group of Korean students in Japan led by Kim Pyong-sik and the 218th short-term home-visiting group of Korean compatriots in Japan arrived in Wonsan today by the ship "Mangyongbong-92" to visit the socialist homeland.

Resolution on Rights of Japan-Resident Students

SK2607113294 Pyongyang KCNA in English 1055 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—The Tokyo Metropolitan Assembly, Japan, recently adopted a resolution calling for respect for the human rights of Korean students in Japan.

Expressing regret at the outrages against Korean students in Japan, it urged citizens to act with discretion so that the use of abusive languages against and personal attacks on them may not be reported any more in Tokyo.

Such a resolution was adopted by the Fukuoka prefectural assembly in early July .

Japan-Resident Youth on Loyalty to Kim Chong-il

SK2607113694 Pyongyang KCNA in English 1057 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Many members of the League of Korean Youth in Japan [LKYJ] under its Fukuoka prefectural headquarters held a meeting of pledging loyalty after participating in the prefectural memorial service of Koreans in Japan for the respected leader Generalissimo Kim Il-song.

Reading the letter of loyalty, chairman of the prefectural headquarters of the LKYJ Yi Kwang-ho vowed to hold the dear leader Marshal Kim Chong-il in high esteem as the centre of unity, leadership and life and exalt the honor of being the vanguard in carrying forward the patriotic cause of the General Association of Korean Residents in Japan (Chongnyon) and glorifying the era of chuche, and thus develop the movement of Korean youth in Japan to a new, higher stage.

Japan's 'Brigandish' 1894 Invasion Denounced

SK2907101994 Pyongyang KCNA in English 1007 GMT 29 Jul 94

["Japanese Imperialism, Brigandish Aggressor"—KCNA headline]

[Text] Pyongyang, July 29 (KCNA)—Honorary Prof. Nakatsuka of Nara Women's University discovered at the Fukushima Prefectural Library of Japan some time ago materials which prove that the armed aggression on Korea by Japanese imperialism in 1894 was a scrupulously planned action. They debunk the argument that Japanese imperialism dispatched troops to Korea to "protect" Japanese residents.

Doctor of History Kang Sok-hui declares this in an article titled "Japanese Imperialism, Brigandish Aggressor" contributed to NODONG SINMUN today.

The historian cites data to prove that Japan's large-scale invasion of Korea in 1894 was a brigandish act of the Japanese aggressors for a military occupation of Korea and her conversion into their exclusive colony.

He says:

The heinous and crafty aggressors of Japan planned to use the Kabo (1894) peasant war in Korea as an excuse for armed invasion.

No sooner had they received a message from the acting minister of the Japanese legation in Seoul, Sugimura, that the feudal government of Korea asked the Qing Government to send troops to put down the peasant war in the summer of 1894 than they called an emergency cabinet meeting that day and decided on a large-scale invasion of Korea. On June 5 (May 2 in the lunar calendar) the "imperial headquarters" was set up and Japan's full-scale invasion was forthcoming.

Under this situation, the feudal government of Korea summoned Sugimura on June 7 (May 4 in the lunar calendar) and strongly protested against Japan's invasion and demanded a stop to the troop dispatch. But the Japanese aggressors let troops aboard warships land in Inchon.

They occupied the royal palace of Korea and overthrew the government with the mobilization of troops above regimental scale on July 23 (June 21 in the lunar calendar).

As a result, the sovereignty of the feudal state of the Yi Dynasty was completely trampled underfoot and Korea virtually began to be reduced to a colony of Japan from that time.

The Japanese imperialists were a gang of brigands who stooped to any infamy to gratify their aggressive desire.

The Korean people remember the brigandish invasion of Japanese imperialism, though a hundred years have elapsed.

Today the Japanese reactionaries, far from reflecting on their past crimes, are trying to repeat the past aggression. They are talking about the "protection" of the Japanese in "case of emergency" on the Korean peninsula.

This implies that the Japanese reactionaries intend to repeat the large-scale invasion of Korea of a hundred years ago.

If they repeat the past aggression, the Korean people will never allow it.

Danish Workers' Party Delegation Arrives

SK2607232194 Pyongyang KCNA in English 1527 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—A delegation of the Danish Workers' Party, Common Cause headed by its chairman Preben Moller Hansen arrived here today. It was greeted by Hyon Chun-kuk, a department director of the Central Committee of the Workers' Party of Korea, at the airport.

Kim Chong-il Receives Message From al-Qadhdhafi

SK2707003494 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 26 Jul 94

[Text] On the occasion of the 41st anniversary of victory of the fatherland liberation war, the dear leader Comrade Kim Chong-il received a solidarity message from Mu'ammar al-Qudhdhafi, the leader of the Socialist People's Libyan Arab Jamahiriya and of the great 1 September revolution.

The message is as follows:

Pyongyang,

Comrade Marshal Kim Chong-il, chairman of the DPRK National Defense Commission, supreme commander of the Korean People's Army:

On the occasion of the 41st anniversary of victory of the war against the United States, I, in the name of the people of Socialist People's Libyan Arab Jamahiriya and in my own, extend the warmest [kajang chungsimuro toenun] congratulations to you.

I wish you good health, long life, and happiness. I also wish the fraternal Korean people progress and prosperity.

[Signed] Colonel Mu'ammar al-Qadhdhafi
Leader of the Socialist People's Libyan Arab Jamahiriya, the great 1 September revolution.
[Dated] 25 July 1994, Tripoli

President Kim Il-song's Work Published in Nepal

SK2607043394 Pyongyang KCNA in English 0422 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Answers to questions raised by the general director of the Latin America News Agency "PRENSA LATINA," a famous work of the great leader President Kim Il-song, was published in booklet by the Samjana Publishing House, Nepal, on July 20.

Month of Solidarity With Cuban People Begins

SK2607010994 Pyongyang KCNA in English 2316 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—The opening ceremony of the month of solidarity with the Cuban people took place here today under the sponsorship of the Korea-Cuba Solidarity Committee on the occasion of the 41st anniversary of the July 26 armed uprising of the Cuban people.

It was attended by Choe Hyon-tok, vice-chairman of the Central Committee of the League of Socialist Working Youth of Korea and vice-chairman of the Korea-Cuba Solidarity Committee. Cuban Ambassador to Korea Jose Ramon Rodriguez Varona, his embassy officials and Cuban woman lawyer Candelaria Rodriguez were invited to the ceremony.

The participants saw pictures showing achievements made by the Cuban people in the revolution and construction.

Colorful functions will be held in the month which will end on August 23.

Papers Observe Cuban 'Day of Armed Uprising'

SK2607112194 Pyongyang KCNA in English 1023 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Papers here today dedicate articles to the day of the armed uprising in Cuba, expressing solidarity to the just cause of the Cuban people who live and struggle in the spirit of Moncada.

Noting the Cuban people are considering the spirit of Moncada as their mental treasure, NODONG SINMUN in a by- lined article says:

The heroic Cuban people are now creditably defending the gains of revolution and fulfilling the tasks in "special period in peace time" in the spirit of self-reliance and hard struggle with conviction of victory of the socialist cause despite the blockade of the imperialists.

Comrade Fidel Castro Ruz stressed a few days ago that the Cuban people have not abandoned the idea of socialism and their aim is to defend the motherland, the revolution and the gains of socialism.

The Cuban people's cause of socialism is enjoying support and sympathy from the revolutionary people the world over.

The Korean people highly estimate the fraternal Cuban people who are defending the country's sovereignty and the national dignity and stepping up the socialist construction under difficult conditions.

MINJU CHOSON in a signed article says the Korean people who are treasuring friendship with the fraternal

Cuban people will, in the future, too, strengthen friendship and solidarity with the Cuban people on the road of struggle for independence, peace and friendship.

The revolutionary spirit of Moncada will remain forever in the hearts of the Cuban people, the paper says.

Committee Sends Message to Maldives President

SK2607010894 Pyongyang KCNA in English 2317 GMT 25 Jul 94

[Text] Pyongyang, July 25 (KCNA)—The Central People's Committee of the Democratic People's Republic of Korea today sent a message of greetings to Maldives President Maumoon Abdul Gayoom on the day of the independence of Maldives.

The message sincerely wished him greater success in his work for the prosperity of the country and expressed the belief that the friendly relations between the two countries will continue developing favourably.

Papers Mark Anniversary of Maldives Independence

SK2607112594 Pyongyang KCNA in English 1026 GMT 26 Jul 94

[Text] Pyongyang, July 26 (KCNA)—Papers here today observe the 29th anniversary of the independence of Maldives.

MINJU CHOSON in an article notes that the Maldivian people have striven after the independence to clear away the consequences of the colonial rule and build a prosperous new society.

It further says:

The Maldivian Government has directed great efforts to the development of economy while taking measures to defend the independence and sovereignty of the country.

Pursuing a non-aligned policy externally, it is making efforts to turn the Indian Ocean into a peace zone.

We believe that Korea-Maldives friendship will develop on good terms in the future, too. The Korean people extend felicitations to the Maldivian people on the independence day and wish them great achievements in their work for the prosperity and development of the country.

South Korea

Timing of Announcement of DPRK Leader Viewed

OW2907153094 Tokyo KYODO in English 1511 GMT 29 Jul 94

[Text] Seoul, July 29 KYODO—North Korea's official announcement of a successor to the late Kim Il-song may further be delayed to October, according to the early Saturday [30 July] edition of a South Korean newspaper. The CHOSUN ILBO quoted a Chinese source as saying he had heard from a high-ranking official of Pyongyang's Workers Party of Korea that the announcement will come in early October.

But the delay is not due to a power struggle between Kim's son Kim Chong-il, who is emerging as the de facto leader, and his political opponents, the source was quoted as saying.

Kim Il-song died at the age of 82 on July 8 after four decades in power.

YONHAP: Power Struggle Centers on Kim Family

OW2907105094 Tokyo KYODO in English 1022 GMT 29 Jul 94

[Text] Seoul, July 29 KYODO—A struggle for power is under way in North Korea between Kim Chong-il, the son and heir apparent of the late North Korean President Kim Il-song, and Vice President Kim Yong-chu, the senior Kim's brother, the South Korean News Agency YONHAP said Friday.

In a dispatch from Beijing, YONHAP quoted a Western diplomatic source as saying there is an intense power struggle in the North Korean leadership, with Kim Yong-chu and his followers asking for the presidency.

The source said he obtained information about the power struggle from North Korean officials in China, according to YONHAP.

The confrontation between the younger Kim and his uncle is causing a delay in officially announcing Kim Chong-il's appointment to the presidency, YONHAP quoted the source as saying.

The strife is delaying convocation of a plenary session of the Workers Party of Korea Central Committee and Congress of the Supreme People's Assembly, which are authorized to elect general secretary of the ruling party and the president, respectively, the source said.

The source also said high-level talks between the United States and North Korea on the nuclear issue set to resume Aug. 5 in Geneva may not take place as scheduled because the power struggle between Kim Chong-il and Kim Yong-chu is likely to enter a critical phase next week, according to the report.

"It had been widely assumed that Kim Chong-il would take over the formal leadership titles held by his father, including president and general secretary of the party, shortly after the funeral of the late Kim," YONHAP quoted the source as saying.

The younger Kim is already the military chief of staff and head of the government's National Defense Committee and is believed to have been in firm control of North Korea's day-to-day government affairs since 1985.

The source said, however, that a wide range of people in North Korea are demanding that Kim Yong-chu become president.

He said Kim Chong-il and his followers, including People's Armed Forces Minister O Chin-u and Prime Minister Kang Song-san, are strongly opposed to proposals for a collective leadership with the younger Kim as party chief and his uncle as president.

'Western Source' Reports on Power Struggle

SK2907114294 Seoul YONHAP in English 1134 GMT 29 Jul 94

[Text] Beijing, July 29 (YONHAP)—A serious power struggle is developing in North Korea between Kim Chong-il and his uncle, Kim Yong-chu, over the posts of state presidency and party general- secretary, a western source here said on Friday.

Because of the feud, the source said, a plenary session of the Workers' (Communist) Party Central Committee and a Supreme People's Assembly session, originally set to be held immediately after the Kim Il-song memorial rally of July 20 to fill the two key posts previously held by the deceased, have been delayed to date.

He said there has been a grave setback in Kim Chong-il's projected rise to power as those supporting Kim Yong-chu who is now vice president and party Politburo member, are demanding that Kim Yong-chu be given state presidency.

The source said Kim Chong-il seems to be in the upper hand as he is supported by people's armed forces minister O Chin-u and Administration Council Premier Kang Song-san.

However, some political elders and many elite mid-echelon party, administration and military officials favor the split of power with Kim Chong-il holding the duty of party general-secretary and Kim Yong-chu state presidency.

The idea is strongly opposed by Kim Chong-il and his supporters who insist both posts should be held by Kim Chong-il, the source said.

"If the strife grows worse, no constructive outcome can be expected of the U.S.-North Korea high-level talks slated for next week nor can we expect any South-North summit in the foreseeable future," the source said.

Government Comments on Kim Chong-il's Succession

SK2907031794 Seoul YONHAP in English 0258 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—The government, judging defector Kang Myong-to's claim that North Korea has five nuclear warheads as unreliable, has decided not to alter its policy toward the North Korean nuclear issue. However, it will maintain close cooperation with the United States and other related nations in seeking to clarify North Korea's past nuclear activities, as it cannot rule out the possibility that Pyongyang's nuclear development program is more advanced than generally thought.

The decision was made at a high-level policy coordination meeting on North Korea presided over by Deputy Prime Minister and National Unification Minister Yi Hong-ku Friday.

On the delay in Kim Chong-il's formal assumption of power in Pyongyang, the government has tentatively concluded that it is not due to any basic problems in the succession process but to a holdup in a wholesale reshuffle of key party, government and military posts.

At the meeting, Foreign Minister Han Sung-chu discussed the results of the recent ASEAN (Association of Southeast Asian Nations) meetings he attended, while Agency for National Security Planning Director Kim Tok and Defense Minister Yi Pyong-tae explained recent developments in North Korea, National Unification Board spokesman Kim Hyong-ki said.

Also discussed was cooperation with the United States at the upcoming U.S.-North Korea meeting on the nuclear issue opening in Geneva Aug. 5.

Defector Kang's remarks on North Korea's five nuclear warheads are not based on any hard evidence, and Deputy Prime Minister Yi has had full consultations with Washington on this matter, Kim said.

The meeting also focused on the North Korean propaganda machine's direct tirades against the South in recent days, a shift from the indirect verbal attacks before then, he added.

German-DPRK Economic Cooperation Viewed

SK2607122494 Seoul HANGYORE SINMUN in Korean 26 Jul 94 p 8

[Article by Kang Tae-ho]

[Text] Germany will reportedly send an economic cooperation delegation to North Korea toward the end of August, which is the focus of attention. It has been expected that despite Kim Il-song's death, North Korea will continuously attach significance to external economic cooperation. Still, stepped up economic cooperation between North Korea and Germany would stimulate North Korea to advance into Europe and European corporations to invest in North Korea.

In particular, an East Asian Trade Society delegation, a civilian trade delegation of Japan, reportedly visited North Korea on 5 July and discussed the expansion of economic cooperation between the two countries. Japan seems to be one step ahead of Germany.

According to the NAEWOE News Agency, despite President Kim Il- song's 8 July death, the East Asian Trade Society delegation stayed in Pyongyang until 12 July, met with DPRK Trade Promotion Committee officials, and discussed such matters of mutual concern as the establishment of a joint trade committee to expand and develop cooperation between the two countries in trade, economic affairs, and science and technology.

It was 19 July, during the mourning period, when it was learned that a German economic delegation would visit North Korea. This shows that President Kim's death has not affected business affairs to a great extent.

According to the Korea Foreign Trade Association and the Korean Trade Promotion Corporation [KOTRA], despite President Kim's death, the East Asia Association, a federation of German corporations involved in trade with Asia, and the North Korean Economy Information Bureau based in Dusseldorf have decided to go ahead with their original plan to jointly send an economic cooperation delegation to North Korea in August or early September. According to a report from the Dusseldorf office of the Korea Foreign Trade Association, (Gissler), executive director of the East Asia Association, said: "Kim Il-song's death has made it impossible to predict the future of North Korea. Still, making continuous efforts to have dialogue with North Korea is important." He also said: "The East Asia Association and the North Korean Economy Information Bureau have decided to go ahead with the plan to send an economic cooperation delegation to North Korea this fall."

Furthermore, the Korea Foreign Trade Association quoted (Albrecht Lane), director of the North Korean Economy Information Bureau, as saying that a German economic delegation composed of approximately 20 people was scheduled to visit North Korea in August, at the earliest. The North Korean Economy Information Bureau, with the assistance of the North Korean interest mission [pukhan iik taepyobu] in Berlin, serves as a center for exchanging information on North Korea.

Director (Lane) said: Private German corporations are reportedly planning to open their "missions" in Pyongyang. Still, probably conscious of its relations with the South Korean Government, the East Asia Association stresses that it is carrying out its plan to send a delegation to Pyongyang and opened its office in Pyongyang without the German Government's official approval or backing.

In reality, the East Asia Association and the German Federation of Businessmen planned to send an economic delegation to North Korea in March this year. However, they reportedly canceled this plan because of the two organizations' feud over which organization should lead the delegation and the German Foreign Ministry's request to cancel the plan on the ground that North Korea has not repaid its foreign debts.

As Director (Lane) said, the East Asia Association appears to be playing a leading role in sending the economic delegation this time. The East Asia Association of Germany sent an economic delegation to North Korea in 1980 and invited a North Korean economic delegation to Germany in 1989. It also opened its office in Pyongyang in December 1989. In this way, this association has positively carried out its plan to advance into North Korea. (Van Ess), an official of this association, once said: The association has carried out a plan to develop this office into German business corporations' joint mission in Pyongyang since 1991.

Also, given the fact that the association has stressed that an economic delegation would be sent to North Korea on a civilian level, the plan to open the Pyongyang mission has been carried out under the tacit approval of the German Government. Germany has since early this year positively carried out a policy to step up its economic presence in Asia-Pacific countries, including China and Vietnam. At a special meeting in Bonn in January this year, German ambassadors to 21 Asia-Pacific countries adopted a special declaration that calls for expanding Germany's economic presence in this region. In presiding over this meeting, German Foreign Minister Klaus Kinkel asked the ambassadors to establish a civilian- government cooperation system, saying: "We must strongly assist in German investments in this region." Also, a policy paper adopted at this meeting supports reforms and opening up in India and Vietnam. It also points out that Germany's Asia policy is important for its future development.

(Unterbek), a former East German diplomat, once said: "Germany is making efforts to reverse the situation in which it lags behind in penetrating Asian markets. It is very important to enter into the North Korean market, which is about to open, ahead of other countries." The Korea Foreign Trade Association says his remarks confirm that Germany's policy to expand its economic presence in the Asia-Pacific region applies to North Korea, as well.

According to KOTRA, the volume of trade between North Korea and the European Union was $266.71 million in 1993, 10.7 percent of North Korea's total volume of trade, $2,476,630,000. Furthermore, the volume of trade between North Korea and Germany was $119.51 million, approximately 45 percent of the total volume of trade between North Korea and the European Union, making Germany North Korea's biggest trading partner in the European Union. Germany has been positively promoting processing-on-commission trade [witak kagong muyok] with North Korea. Therefore, 90 percent of North Korea's textile exports to Europe goes to Germany.

Chin So, chairman of the ROK-Germany Economic Association, predicted: "Economic cooperation between German corporations and North Korea depends on political stability in North Korea. Still, the long-term prospects of economic cooperation between German corporations and North Korea are better than those between German corporations and Vietnam."

Nuclear Emergency Communication Test Conducted

SK2907082594 Seoul YONHAP in English 0726 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—A biannual radiation communication exercise aimed at checking facsimile transmission and reception and telephone communication was conducted Friday [29 July] morning by South Korea and the United States.

Participating in the exercise were the Science and Technology Ministry and the Korea Institute of Nuclear Safety from the Korean side and the United States' Nuclear Regulatory Commission (NRC), the ministry said.

The exercise is designed to ensure technological assistance from an atomic reactor-supplying country in case of a nuclear accident. The exercise is conducted twice a year under an agreement the ministry concluded with the NRC in March 1976. Most atomic reactors in operation in South Korea were supplied by the United States.

In view of the nuclear accident at Three Mile Island in 1979 and the 1986 mishap at the Chernobyl atomic power plant, South Korea signed accords with the International Atomic Energy Agency (IAEA) in June 1990 joining "the convention on early notification of nuclear accidents" and "the convention on assistance in case of nuclear accidents or radiological emergencies." South Korea has also established an early contact network for nuclear safety with Japan.

Nuclear Ambassador To Visit Geneva for Talks

SK2907083594 Seoul YONHAP in English 0825 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—South Korean nuclear ambassador Kim Sam-hun leaves for Geneva early next week for on-site coordination during the North Korea-U.S. high-level dialogue starting later in the week.

Pyongyang and Washington are resuming nuclear talks suspended earlier this month after the sudden death of North Korea's five-decade ruler, Kim Il-song.

This round of negotiations will address freezing North Korea's secretive nuclear program and providing help in replacing its outdated nuclear reactors with much safer models.

Foreign Ministry officials said the recent confusion over a North Korean defector will not cloud the Geneva talks between Pyongyang and Washington that begin Aug. 5. Kang Myong-to, reportedly the son-in-law of North Korean Prime Minister Kang Song-san, defected to the South in May.

After two months with the Agency for National Security Planning (NSP), the defector told a press conference this week that North Korea already had five nuclear warheads.

"Seoul and Washington cleared up this confusion, agreeing that what Kang claimed is third-hand information and also that it differs from our own assessment of Pyongyang's capabilities," one official said.

U.S. Expected To Increase Trade Pressure

SK2907025294 Seoul YONHAP in English 0208 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—The U.S. Government is expected to increase trade pressure on Japan and South Korea, wielding as a weapon a bill amending the Super 301 section of the 1988 Trade Law which the House Ways and Means Committee adopted on Wednesday last week.

The bill, introduced jointly by committee Chairman Sam M. Gibbons and Trade Subcommittee Chairman Robert T. Matsui, empowers the president and the U.S. Trade Representative (USTR) to take retaliatory steps not only in the trade of goods and services but also in intellectual property rights, according to the Trade, Industry and Energy Ministry.

Japan and other major U.S. trading partners oppose the bill because of its possible adverse effect on their economies, but the USTR is supporting the bill as it reflects congressmen's interests, ministry officials said.

The bill covers the removal of Generalized System of Preferences (GSP) benefits, import quota reductions and import bans as retaliatory steps under Super 301.

In addition, anti-competition practices by state-run enterprises and private corporations that have an adverse impact on the trade of goods and services, or that restrict sales of U.S. products, are also subject to the Super 301 retaliatory steps, the officials said.

The USTR will further discuss trade barriers as well as anti-competition practices in its national trade estimate, a report on trade walls erected by foreign countries given to congress, and continue consulting with the relevant Senate and House committees on the Super 301 retaliatory action even after the report has been submitted to Congress.

Moreover, the bill calls for strengthening Section 306 of the 1988 Trade Law providing for the USTR's supervision over international treaties which are concluded before and even after priority foreign countries for trade negotiations are named.

The officials said that although the bill appears to be targeting Japan, it may also affect South Korea's trade with the United States because its trade practices are similar to Japan's.

Government Finalizes Position on Defector

SK2907030394 Seoul KBS-1 Radio Network in Korean 0200 GMT 29 Jul 94

[Text] The government held a Coordination Committee for Unification and Security Policies meeting under the chairmanship of Yi Hong-ku, deputy prime minister and minister of the National Unification Board, at the Samchong-tong South-North dialogue secretariat on the morning of 29 July. The government's position regarding defector Kang Myong-to's remarks on North Korea possessing nuclear weapons and the upcoming DPRK-U.S. third round of talks was finalized [chongni] at the meeting.

In today's meeting, the government said that it was agreed that defector Kang Myong-to's remarks saying that North Korea already possesses five nuclear weapons has no basis, and that when all the information was summed up, it was reconfirmed that there is no certain proof that North Korea is undertaking nuclear development or has completed nuclear development [pukhannun haekkaebarul chinhaengjungigona haekkaebarul wallyo haettanun hwaksilhan chunggoga opttanun kijon insigul kodup hwaggin haessomnida].

In particular, the government decided that after defector Kang Myong-to's remarks, it will strengthen cooperative system with the United States through close negotiations so that there are no barriers in the upcoming third round of DPRK-U.S. talks slated for 5 August.

North Said Ordered Arrest

SK2907042594 Seoul TONG-A ILBO in Korean 29 Jul 94 p 2

[YONHAP report from Beijing]

[Text] Kang Myong-to (36), North Korean Premier Kang Song-san's son-in-law who defected to the ROK in May, is widely known to influential Koreans living in China's northeastern region because he frequently visited it since 1992.

As the background of his wife's and his mother's family shows, Kang Myong-to, who is a relative of Kim Il-song from the maternal side, once used to drive a Mercedes-Bentz 500 accompanied by North Korean intelligence agents.

As a vice president of a trading company affiliated with the accountants' section of the presidential palace, the main place he carried out his activities was Hunchun. Mr. Kang cooperated with the trading businessmen in this region and imported some Chinese products, such as coal, but he was not successful. It was learned that he turned his attention to dealing with antiques starting in 1992.

Since then, he appeared frequently in the border region of China of North Korea's Musan, Hoeryong, and Namyang, and China's Jilin, Tumen, Changchun, and Hunchun. However, he failed to be successful in this business due to a lack of professional knowledge of antiques.

A Korean figure residing in China, who met Mr. Kang on several occasions, said: "He liked ROK products and was very interested in the ROK, frequently singing ROK popular songs at drinking parties."

He added that in February, an official request from the North Korean authorities was received by the public security bureau of the Yanbian Korean Autonomous Prefecture for cooperation on a special order for the arrest of Kang Myong-to.

Defectors News Conference Viewed

SK2907014394 Seoul THE KOREA HERALD in English 29 Jul 94 p 2

[Text] A North Korean defector's revelation that the North already possesses at least five nuclear warheads has stunned the country's political community.

The ruling and opposition parties called on the government to double its efforts to ensure a guarantee of North Korea's nuclear transparency and to take a more cautious approach in mapping out policies on the North.

"Kang Myong-to's allegation, whether it is true or not, gave a great shock to the nation and international community, said Rep. Pak Pom-chin, spokesman for the ruling Democratic Liberal Party (DLP).

Claiming that calls for the transparency of North Korea's past activities related to its nuclear development program are mounting, Pak said, "Under such circumstances, the government needs to carry out policies on inter-Korean relations, including the summit talks, in a prudent manner."

DLP chief policy-maker Yi Se-ki said the first thing the government should do is to confirm the North Korean defector's remarks.

DLP lawmaker Pak Chong-su expressed concern that fears among the people will be deepened if North Korea's possession of nuclear weapons is confirmed.

"Accordingly, the government should provide economic cooperation to the North in return for a promise of giving up its ambitious plans to develop nuclear bombs and should try to realize international inspections of the North's suspected nuclear facilities," he said.

He also predicted that North Korea will go ahead with its plan to develop nuclear weapons in order to be a country that has nuclear weapons.

Rep. Shin Sang-woo of the DLP was more pragmatic in response to the allegation on North Korea's possession of nuclear bombs.

"Kang's remark shocked me, but it has yet to be confirmed. Therefore, we need to cope with the situation more cautiously until North Korea announces its formal position on the allegation," said Shin, chairman of the National Assembly Intelligence Committee.

The main opposition Democratic Party (DP), on the other hand, called for the opening of the Assembly's committees on foreign affairs and unification, defense and intelligence to find out how the government evaluates Kang's allegation.

DP lawmaker Yi Pu-yong said the government should ask the United States to reconsider the planned talks with North Korea if Pyongyang is found to have nuclear weapons.

He also demanded to know why the government made public the defection of the two North Koreans at this particular moment, although they had defected to South Korea in May.

Saying that Kang's remarks seem to be reliable given his status in North Korea, Rep. Chong Tae-chol insisted that the government strongly push for a guarantee of North Korea's nuclear transparency when Washington and Pyongyang hold talks Aug. 5.

More on News Conference

SK2907013294 Seoul THE KOREA HERALD in English 29 Jul 94 p 1

[Text] Seoul government officials are raising doubts about the credibility of the testimony by a North Korean defector that North Korea already possesses five nuclear bombs.

While not ruling out the possibility that North Korea's nuclear program may be more advanced than previously thought, they said the statement of Kang Myong-to needs verification.

"We don't have any evidence that North Korea has that many nuclear weapons at the moment," said Chong Chong-uk, senior presidential secretary for foreign policy and national unification.

Kang, a son-in-law of North Korean Prime Minister Kang Song-san who defected to Seoul via a third country in May told a press conference Wednesday that Pyongyang already had five nuclear bombs and planned to develop five more.

The presidential secretary, however, said Kang, did not base his claim on concrete evidence but conveyed to the South Korean media what he had heard from others. Kang's statement, therefore, would not affect Seoul's position on the North Korean nuclear problem.

"President Kim Yong-sam has said a number of times that North Korea still has nuclear intentions but there is no proof that it already possesses nuclear weapons.

"There is no change to this line of thinking here at the moment," Chong said.

An official of the Agency for National Security Planning (NSP), which has investigated Kang since his defection in May, echoed Chong's view.

"We have investigated him for the last two months but there is still a long way to go to back up the statement.

"We are not certain whether Kang's statement concerning the North Korean nuclear capability is true or not, he said.

An official of the National Unification Board said Kang's testimony, however, increases the necessity to trace the past of the North Korean nuclear program.

A Foreign Ministry official admitted there was a considerable gap between what Kang said and the governments estimation of the North Korean nuclear capability.

"Kang's testimony, however, would not delay the schedule of the third round of U.S.-North Korea high-level talks set to resume in Geneva Aug. 5 but will certainly be dealt with at the talks," he said.

But these officials were short of answering the question why Kang had been allowed to reveal such unreliable information in a news conference that shocked the people.

An official said the government had had no prior consultations on this matter with Kang.

Based on the information provided by the United States, the South Korean government has estimated that North Korea might have extracted 10-15 kg of plutonium from its 5-megawatt reactor in Yongbyon, north of Pyongyang and produced one or two bombs with it.

Seoul's strategies concerning the North Korean nuclear problem have been based on this estimation so far.

Some 40 kg of plutonium is necessary to produce five atomic bombs.

NSP director Kim Tok told the National Assembly in June that North Korea must be near the completion of production of crude atomic bombs with 10-15 kg of plutonium it had extracted from the spent nuclear fuel so far.

By the time Kim made this statement, Kang was already in Seoul.

Seoul, Washington Disagree

SK2907111294 Seoul CHUNGANG ILBO in Korean 29 Jul 94 p 5

[By reporter Kim Chin-kuk]

[Text] On the afternoon of 27 July, Kang Myong-to, son-in-law of North Korean Premier Kang Song-san, issued a bombshell announcement by saying: "North Korea has already completed its nuclear development, and thus possesses five nuclear bombs." Since then, a delicate balance has been maintained between the ROK and the United States.

A few hours after Kang Myong-to's announcement, a U.S. White House spokesman refuted the statement, saying: "We presume North Korea has sufficient nuclear material to produce one to two nuclear weapons, but we have not reached a conclusion on whether it possesses nuclear weapons." Defense Secretary Perry added: "The United States does not yet have a basis by which to revise its evaluation of this matter."

A State Department spokesman said: "It does not coincide with the information possessed by U.S. intelligence agencies." As such, they are all refuting Kang Myong-to's remark.

On the morning of 28 July, following such responses by the United States, ROK ministries related to North Korean affairs—such as Chongwadae [presidential offices], the Foreign Ministry, the Ministry of the National Unification Board, and the Agency for National Security Planning—all overturned their original responses, stating that Kang Myong-to's remarks were not reliable.

Certainly there was disagreement between the ROK and the United States, or at least an atmosphere of misunderstanding, surrounding Kang Myong-to's remarks.

THE NEW YORK TIMES pointed out that Kang Myong-to's news conference was held when the upcoming third round of the DPRK-U.S. talks is approaching. It reports on the U.S. opinion on both the timing and content of Kang Myong-to's news conference in which he stated North Korea has "five nuclear weapons."

The United States feels the entire episode was caused by the concerns of the ROK Government, or by the concerns of hard-liners in South Korea, over the possibility that the third round of DPRK-U.S. talks—which are to be held while the South-North summit talks are still unscheduled—is on the verge of covering up the "past" North Korean nuclear issue and will improve DPRK-U.S. relations without improving South-North relations.

Since the South-North dialogue and the DPRK-U.S. talks are not being carried out simultaneously due to Kim Il-song's death, there is considerable disagreement between the ROK and the United States regarding the nuclear issue and policies on North Korea. Recently, some officials confessed: "We feel pressure from the United States." Other officials expressed their dissatisfaction that the United States is impatient to improve relations with North Korea. Good examples of this can be seen in the U.S. expression of condolences; the ROK's emergency alert posture; the debate over types of light-water reactors; and the pace of dialogue with North Korea following Kim Il-song's death.

After Kim Il-song's death, President Clinton immediately expressed condolences; the ROK Government did not. As soon as the ROK heard the news of Kim Il-song's death, it ordered a special alert; the United States said: "There are no unusual signs. We will not change our alert posture."

In connection with the issue surrounding light-water reactors, the United States asked our government, which wants to offer an ROK-style light-water reactor to North Korea, instead to accept North Korea's request for Russian-made light-water reactors. The United States is also engaged in rapid moves, such as agreeing with North Korea to a third round of talks; the ROK's position is to wait for North Korea's response.

The reason the United States is so hasty is because the nuclear fuel rods which North Korea removed from its reactor must be dealt with by late August, and because of any future instability resulting from the Kim Chong-il regime.

Even though Kim Chong-il has succeeded to all of Kim Il-song's positions, it is inevitable his position will be weakened as time passes. We cannot eliminate the possibility that a hard-line military force might appear; if this occurs, the United States feels it will be all the more difficult to resolve the nuclear issue. Therefore, what the United States wants is to bring this matter to a conclusion while Kim Il-song's prominence still exists.

What also makes Clinton anxious is that North Korea's domestic politics are being driven into a corner due to the country's embarkation on various works throughout the world which it cannot manage.

President Kim Yong-sam stated: "We are waiting for the new North Korean regime to respond to the South-North summit talks." Our government is willing to hold a summit, but the atmosphere outside Chongwadae is becoming more hard-line.

The United States feels such a hard-line atmosphere within the ROK results from the influence of hard-line factions which are allied against the North; the United States is worried about this.

What is attracting attention is how the delicate disagreement on North Korean policy which now exists between the ROK and the United States, and which has become all the more clear due to Kang Myong-to's remark, will be worked out.

Reaction to Defector's Remarks

SK2907063394

[Editorial Report] The following is a compilation of reports and articles carried in Seoul vernacular newspapers on 29 July on reaction to remarks of Kang Myong-to, North Korean Premier Kang Song-san's son-in-law who defected to South Korea, during a news conference held in Seoul on 27 July, in which he said that North Korea has already completed the development of five nuclear warheads.

The moderate TONG-A ILBO publishes on page 3 a 1,400-word article by Song Yong-on that notes the government is striving to repress enormous repercussions in the ROK and the international community to Kang Myong-to's remarks, and that relevant officials from Chongwadae, presidential offices; the National Unification Board, NUB; and the Foreign Ministry have stressed that "trustworthiness of the contents of his news conference is doubtful," because his statement was not backed by concrete evidence. The article writes that the government's decision to cope actively with his remarks was prompted by its awareness of the enormous impact of his statement that North Korea possesses five nuclear bombs. The article notes that Kang's remarks drives the government into an embarrassing position. The article writes that the Agency for National Security Planning, NSP, usually checks the substance of defectors' remarks first before they give a news conference. The article then refers to remarks of a Chongwadae official that Kang's remarks during the news conference were possibly made in an improvisatory manner. The article adds the NSP said it was unable to control the details of the news conference in advance, although it was aware of the allegation about nuclear bombs in the course of an investigation of Kang Myong-to.

Pointing to some people's criticism of the government for lack of prudence in handling Kang's remarks at the news conference, the article writes that Kang's defection and his remarks on nuclear bombs will cause a strain in North-South relations for the time being. The article concludes that a relevant government official stresses that "defection is defection, and North-South dialogue should not be linked with it. Regardless of the recent incident, the government will push ahead with what it should do."

TONG-A ILBO publishes on page 3 a 1,300-word article by Kim Tong- chol and Kim Chang-hyok on reaction of the political sphere to Kang Myong-to's remarks. The article points to remarks of Yi Se-ki, chief policy maker of ruling Democratic Liberal Party, expressing doubt on the reliability of Kang's statement. He stresses, however, that "we should pay keen attention to the situation he presents with common sense." The article refers to remarks of other legislators urging the government "not to ignore Kang's allegation in view of analysis by the U.S. CIA," but to prepare for the worst case, regardless of the trustworthiness of Kang's remarks.

On the other hand, the opposition Democratic Party, DP, legislator Kang Su-rim criticized the NSP for "arranging a news conference in which a defector talked about North Korea's possession of five nuclear warheads without showing any concrete proof." Sin Ki-ha, another legislator, pointing to the government's previous remarks that North Korea is at the initial stage of nuclear weapons development, said that the government arranged a shocking news conference but has now retreated, stating that the information on North Korea's nuclear warheads has not been confirmed. Meanwhile, Yi Ki-taek, DP president, expressed a cautious attitude toward the news conference, noting that it was shocking.

TONG-A ILBO publishes on page 1 a 1,200-word article on reaction of the United States and the International Atomic Energy Agency, IAEA, to Kang's remarks. The article writes that the U.S. Government showed cautious doubt of defector Kang's 27 July remarks, quoting the defense secretary's remarks on his credibility based on analysis that "North Korea has one or two nuclear bombs, in view of present North Korean technological level," although North Korea may be able to make more nuclear bombs with plutonium it has possibly extracted.

IAEA expressed doubt of the possibility of North Korea extracting sufficient amount of plutonium for five warheads from the five-megawatt nuclear reactor in Yongbyon, and presumed that North Korea would have been unable to extract a large quantity of plutonium even if it replaced all nuclear fuels because the operation period was short.

The moderate KYONGHYANG SINMUN publishes on page 3 a 1,200-word article by Yi Sung-chol on reaction of the NUB and Foreign Ministry to defector Kang's allegation. Expressing surprise, the NUB expressed doubt of the credibility of Kang's remarks based on its previous observation that "there has not been time for North Korea to have completed the development of such warheads in view of its technological level and other factors." The NUB official stressed, however, that to remove suspicion of North Korea's possession of nuclear warheads, transparency of its nuclear past should be thoroughly examined.

Noting that there is "considerable distance" between Kang's allegation and the government's judgment, a high-ranking Foreign Ministry official points out that defector Kang's assertion can hardly be accepted as it is, but stressed that "the government has been readily prepared for the possibility of North Korea possessing two or three nuclear weapons." In view of the degree of credibility of Kang's remarks, the Foreign Ministry predicted that his remarks "will not particularly impact the third round of U.S.-North Korean talks slated for 5 August in Geneva."

Pak Po-hui Submits Report on DPRK Visit

SK2907090194 Seoul YONHAP in English 0851 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—Pak Po-hui, former president-publisher of Korean-language newspaper SEKYE TIMES in Seoul, has submitted a report to the National Unification Board (NUB) on his recent visit to North Korea to express condolences over the death of President Kim Il-song.

The report by Pak, currently in the United States after winding up his trip to Pyongyang, was sent to the board through the Korean Embassy in Washington.

NUB officials disclosed Friday that Pak said in the report he had received a verbal request from North Korean authorities on the morning of July 13 and flew to Pyongyang in the afternoon after obtaining an entry visa from the North Korean Embassy in Beijing. He stayed in North Korea for 11 days, the officials said.

In the report, Pak said he visited the North to express condolences over Kim's death and engage in newsgathering activities there. The report was received by the board through the Foreign Ministry.

NUB Spokesman Kim Hyong-ki said that legal authorities will make a final decision on whether he violated the law banning unauthorized visit to North Korea after completing a comprehensive review of his report.

The government, enraged by Pak's arbitrary condolence visit to Pyongyang, had said that Pak could no longer be the president- publisher of the newspaper since Pak's domestic residence registration had been revoked because he has a permanent U.S. residency. The daily at its board meeting Thursday relieved Pak of his top post of the paper.

Province Plans To Build Inter-Korean Roads

SK2307051494 Seoul YONHAP in English 0445 GMT 23 Jul 94

[Text] Suwon, July 23 (YONHAP)—Five roads that cut vertically through Kyonggi Province from South to North will be constructed by the year 2011 in preparation for unification of the country, the Kyonggi provincial government said Saturday.

The provincial government revealed that the road construction is designed to prepare for exchanges with North Korea and to ease traffic congestion in the capital area.

The total cost of building the roads is estimated at 893,900 million won, an official said.

The new roads under consideration by the local government are as follows: Hwasong-Ansan-Kimpo-Haeju (North Korea); Pyongtaek-Seoul-Panmunjom-Pyongyang: Ansong-Tongduchon-Pyongyang; Yichon-Namyangju- Kaepung; and Ansong-Kapyong-Chunchon.

To open these five routes, the official said, new roads would be constructed and existing roads would be either expanded or supplemented.

Japanese Paper: PRC Rushes Relief to DPRK

SK2907020594 Seoul YONHAP in English 0152 GMT 29 Jul 94

[Text] Tokyo, July 29 (YONHAP)—China rushed relief food supplies to North Korea around July 20 when the late President Kim Il-song's funeral took place, the MAINICHI SHIMBUN reported Friday in a dispatch from Beijing.

The dispatch quoted Chinese sources as saying the relief aid was provided to avert economic chaos in North Korea.

Daily necessities such as flour, salt and rice were transported to Pyongyang from Chinese cities bordering North Korea like Tumen and Dandong by truck and rail, according to the dispatch.

The quantity of food supplies was not disclosed.

Referring to the background of the relief assistance extended in the wake of Kim Il-song's death, a Chinese source was quoted as saying: "China wants to demonstrate at home and abroad that it supports the Kim Chong-il leadership not only in words but in deeds as well."

Chinese President Jiang Zemin and Premier Li Peng paid their respects immediately after Kim's death and have expressed support for Kim Chong-il as North Korea's new leader.

The delivery of food supplies was apparently an example of Chinese economic aid extended to North Korea in order to avert economic turbulence, the dispatch added.

Changes in DPRK Observed From PRC Border

SK2907063494 Seoul HANGUK ILBO in Korean 29 Jul 94 p 5

[By Yi Chun-hui from Yanbian, China]

[Excerpts] The North Korean people's way of life and their moves can be most correctly and broadly observed from Chinese areas bordering on North Korea, including the ethnic Korean self-governing locality in Yanbian. There are over 200,000 ethnic Korean people in Yanbian alone. Most of them have relatives in North Korea and travel deep inland into North Korea to visit their relatives once or twice a year. Peddlers from the Chinese side often pass through the borderline, carrying wares on their back, and sometimes, security- guaranteed North Korean people come across to the Chinese side to meet with their relatives in China.

Ethnic Korean people in Yanbian have basically pro-North Korean tendencies because they have ties with North Korea in every way. Nevertheless, they observe the way of life of the North Korean people to be miserable beyond imagination. [passage omitted]

Summing up their remarks on their vivid experience, not uncertain hearsay, it appears to be true that because of an extreme economic crisis, North Korean people have difficulties in even having three meals a day. It is no longer a rare story heard by Chinese people and Korean ethnic people in China that North Korean people have almost stopped visiting relatives since they have no food to treat guests, that they try to minimize their moves at work sites to save energy, and that workers returning from abroad, such as a Russian felling site, carry sugar home, hiding it inside their hair under their hats. [passage omitted]

The more shocking the North Korean situation, the more intriguing it is that Kim Il-song's political authority could invariably be maintained for half a century under this situation. [passage omitted]

However, possibilities for rapid changes in North Korea's situation have been observed in Chinese border areas since the death of Kim Il-song. Indeed, a symbolic image of Kim Il-song ingrained in the North Korean people's minds enabled the North Korean system to be maintained. Accordingly, people in Chinese border areas expect that policies used by North Korea to maintain its system will rapidly become ineffective. Symptoms of situational change have already appeared. Those who recently visited North Korea unanimously say that the current atmosphere in North Korea is quite different from that before Kim Il-song's death. They say that they could not feel they were subjected to supervision during their stay in North Korea, and that the staff of the borderline customs office, who were notorious for their violent attitude, have considerably relaxed. Above all, North Korean people are no longer interested in revolutionary slogans, and almost all their conversations are focused on the prospect of the economic situation. In other words, they are interested in only whether they can have enough food to eat. [passage omitted]

Remarks by those who recently visited North Korea cannot make us feel the atmosphere of "loyalty to the dear comrade leader" that Pyongyang is repeatedly stressing. It is true that the North Korean people have never imagined any leader other than Kim Chong-il. This seems, however, totally different from their emotional devotion to Kim Il-song. I feel the same as a Korean ethnic scholar who said, "Kim Il-song was an object of blind loyalty, but Kim Chong-il will be an object of assessment."

Chinese observers view that since Kim Chong-il has succeeded to power [as published], but has yet to succeed the personal authority [kaeinjok kwonwi], he may face a significant crisis unless he quickly grasps the changed atmosphere and adapts himself to it. Korean ethnic figures in Yanbian generally take a skeptical view of the prospect of the North Korean system. [passage omitted]

In conclusion, people in Chinese areas bordering on North Korea feel that the change of the North Korean system is inevitable and that change may come abruptly much earlier than expected. [passage omitted] This means that we probably do not have much time to prepare for the rapid change of the North Korean system and for reunification.

Seoul, PRC Agree To Open 5 New Air Routes

SK2607070794 Seoul YONHAP in English 0611 GMT 26 Jul 94

[Text] Seoul, July 26 (YONHAP)—South Korea and China have agreed to open five air routes toward year's end linking Seoul to Beijing, Tianjin, Qingdao, Shenyang and Dalian, informed sources here said Tuesday.

Officials of the two countries have agreed in principle that the two countries will each operate nine A300 or B767 flights a week on the Beijing route and three B737 flights apiece on the Qingdao and Shenyang routes, with Korea providing three B737 flights on the Tianjin route in exchange for China's three B737 flights on the Dalian route, the sources said. They began negotiations here last Wednesday.

The accord, expected to be initialed by Director Yu Pyong-u of the Foreign Ministry's Asian and Pacific Affairs Bureau and Qian Zemin of the Civil Aviation Administration of China as early as Wednesday, will be formally signed by the two countries' foreign ministers in November for implementation toward the end of the year.

On the Seoul-Shanghai route, the two nations will each operate six charter flights using medium-sized aircraft a week, as they currently do, the sources said.

They also agreed to retain the present boundary of the flight information region along 124 degrees east longitude, which arose as one of the key issues during the talks.

Negotiations will continue on beyond-point flight rights and the number of such flights.

With the opening of the Seoul-Beijing route, the flight time between the two capitals will be reduced from the present three hours and 10 minutes (via Tokyo) to one hour and 40 minutes. And if the right to fly over Mongolia is obtained, the flight time from Seoul to Europe will be cut by one and a half hours.

Provisional Agreement Initialed

SK2707073994 Seoul YONHAP in English 0605 GMT 27 Jul 94

[Text] Seoul, July 27 (YONHAP)—South Korea and China initialed a provisional agreement Wednesday [27 July] that opens direct air services between their capitals and connects Seoul with four other Chinese cities.

Officials expect three months of follow-up measures before the final agreement is signed. The Seoul-Beijing route will open immediately after the accord is signed, they said.

Seoul will be linked with Beijing, Shenyang, Qingdao, Tianjin and Dalian. Airlines from the two sides will share equally the 18 weekly flights between the capitals, six between Seoul and Shenyang, and Seoul and Qingdao.

South Korea will have the sole right to fly to Tianjin while China will monopolize the Seoul-Dalian route.

The two sides left beyond-point rights for later negotiations.

The pact comes after nearly two years of exhaustive negotiations following diplomatic normalization in August 1992. It's being called a "provisional" agreement because the Seoul-Shanghai route was left unsettled in a dispute over the control transfer point.

The control-transfer-point issue was what had delayed the agreement for so long. South Korea insisted on 124 degrees longitude, the line set by the International Civil Aviation Organization (ICAO) in 1963, while China pushed for 125 degrees since it wasn't an ICAO member when the line was drawn.

It was only last January that Beijing finally gave in and accepted 124 degrees.

China insisted on 125 degrees for Shanghai, and Seoul's persistent opposition led to the "half agreement" leaving out services to southern Chinese cities, the officials said.

A total of 150,000 people traveled between the two countries last year. Airline officials expect an increase of up to 300,000 to 400,000 this year.

Accord With PRC Removes 'Irritant'

SK2707074994 Seoul YONHAP in English 0616 GMT 27 Jul 94

[Report by Yi Tong-min]

[Text] Seoul, July 27 (YONHAP)—South Korea and China removed a major irritant Wednesday [27 July], nearly two years after diplomatic normalization, by inking an aviation agreement opening direct flight service between their capitals.

The "provisional agreement on air transport" connects Seoul with Beijing, Shenyang, Qingdao, Tianjin and Dalian for weekly services of six to 18 flights.

The flying time is being cut nearly in half, from three hours and 10 minutes to an hour and 40 minutes. Although the two sides have not fully established beyond-point rights, permission to fly through Chinese airspace will shorten flights to Europe from Seoul by nearly two hours.

Officials expect three more months of preparations between airlines and for technical arrangements, such as hot lines between control towers, before the pact is officially signed. Services are to commence immediately after the formal signing.

The accord has been dubbed "provisional" because the two sides could not settle on routes linking Seoul with southern cities in China, specifically Shanghai, making it "a half agreement," according to the officials.

Yu Pyong-u, director-general of the Asian and Pacific Affairs Bureau of the Foreign Ministry and chief negotiator for the Seoul side, called it "no minor political advancement" in bilateral relations, emphasizing that Seoul-Beijing ties are no longer guided by economic interests only.

Yu's assertion is based on the successful compromise over the flight control transfer point. Fifteen months after negotiations began, Seoul was still insisting on 124 degrees longitude and Beijing on 125 degrees.

The 124-degree line was certified by the international civil aviation organization in 1963 but China reasons it was represented by Taiwan when the decision was made and is thus not obligated by it.

This transfer point is directly linked to territorial authority on land and in water and has a bearing on other decisions in the future, such as ownership of marine resources and petroleum exploration.

The 125-degree line cuts into South Korea's flight information region toward the South, which Seoul officials opposed as a blatant territorial invasion.

China has been engaged in a similar dispute with Vietnam for over 10 years. Those two countries still do not have an aviation agreement.

China's insistence on 125 degrees for Shanghai is what left that part of the service unresolved. Instead, the route will have to rely on charter flights using the corridor established between Japan and China.

The officials point to the new route connecting Seoul with Shenyang which lies adjacent to the North Korea-China border—"a rather meaningful development," as one South Korean negotiator called it.

While South Korean airlines will provide the sole service to Tianjin, Chinese carriers will monopolize the Seoul-Dalian route. This, officials said, is intended to build up China's experience as an independent operator of a route to South Korea for future competition.

Moreover, the settlement with China opens the way for Seoul- Taipei negotiations on resuming direct services, suspended when South Korea formed ties with China and recognized it as the sole legitimate government.

Travelers between South Korea and China totaled 150,000 last year, with 110,000 of them Koreans. The volume this year is expected to reach between 300,000 and 400,000.

With the Seoul-Beijing route likely to connect the European continent with all parts of Asia when the two sides exercise beyond- point rights, Wednesday's agreement is certainly a commercial goldmine.

Korean-Chinese on Impressions of ROK Polled

SK2507081094 Seoul YONHAP in English 0736 GMT 25 Jul 94

[Text] Seoul, July 25 (YONHAP)—Many Korean-Chinese who have visited South Korea return to China holding unfavorable views about their homeland, but more than half come here intending to stay beyond the legally permitted three months, it was revealed Monday.

These responses were disclosed in a questionnaire that Prof. Hwang Song-hui of Kyunghee University gave to 522 ethnic Koreans in China either returning home after visits or arriving in Korea.

Prof. Hwang is scheduled to reveal the survey results at an international seminar under the theme "Realities and outlook of cultural exchanges with Korean compatriots in Northeast Asia," sponsored by Kyunghee's Asia-Pacific Research Institute in Seoul Wednesday.

According to the survey, 56.9 percent of ethnic Koreans returning to China after visits here, when asked their impression of South Koreans, said they were "kind" and treated them "as equals." However, 43 percent of the respondents replied that they were "discriminated against and ignored."

Asked if they received due remuneration for their labor, 69.3 percent said they had not while 32.8 percent complained about late or non-payment.

As for monthly income earned for work in South Korea, 49.3 percent said 500,000 won (625 U.S. dollars). Some 19.4 percent revealed they earned 10 million won (about 12,500 dollars) during their stay in South Korea and 34.7 percent said over 5 million won (roughly 6,759 dollars).

Queried about how they intended to use the money they made in South Korea, 39.4 percent cited business funds, followed by 26.3 percent who said they would buy a house. In contrast, 12.7 percent said they would pay for their children's weddings.

Regarding the period of time they intended to stay in South Korea, 55 percent answered "more than three months" even though Koreans in China are allowed to visit their homeland only three months. As a result, this indicates that a majority had an illegal stay in mind when they arrived.

As to jobs they held in the South, the largest portion or 31.5 percent engaged in factory work, 26 percent in construction and 17. 8 percent in restaurant and other service employment.

The pollees displayed a strong desire to earn money: 46.2 percent said this was their only objective, and 64 percent took humiliation for granted in the course of money-making.

In the meantime, 77.8 percent of the respondents hoped that more marriages would take place between Korean bachelors in the countryside and ethnic Korean women in China.

'Diplomacy' Ships To Call on Japanese Port

SK2307074394 Seoul CHUNGANG ILBO in Korean 23 Jul 94 p 1

[By reporter Chong Son-ku]

[Text] Our battleships will go to Japan for the first time since national liberation. According to the Ministry of National Defense on 23 July, three battleships of the ROK Navy will pay a visit to Yokosuka Port in the mouth of the Bay of Tokyo for three nights and four days from 25 December, 1994, as part of the battleship diplomacy.

This will be the first time ever for ROK battleships to visit Japan in the history of the ROK Armed Forces. This is particularly meaningful in that this visit will be realized on the eve of the 50th anniversary of the national liberation next year.

The battleships will visit Japan as their last stop on their tour of battleship diplomacy and cruising training. The tour of Southeast Asia, the Middle East, and Europe will begin on 22 August and last for about four months. The vessels are SS. Chonji, a 5,000 tonne-class supply ship, and two 1,500 tonne-class escort ships, in which a total of 600 men, such as 450 Navy men and 150 midshipmen, will go on board.

Government, Russia Agree on Testing Laboratories

SK2907021694 Seoul THE KOREA HERALD in English 29 Jul 94 p 8

[Text] Korean exporters will be able to enjoy better access to Russian markets as the Russian government is willing to allow more Korean testing laboratories to carry out import inspection on behalf of the GOST-R, the Russian committee for standardization.

The Industrial Advancement Administration [IAA] said yesterday that Russia expressed this willingness at the third Korea-Russia Annual Meeting on Standardization held in Moscow Wednesday.

The meeting was held between IAA Administrator Pak Sam-kyu and S.F. Bezverkhy, president of the Committee for Standardization, Metrology and Certification of Russian Federation (GOST-R).

Appreciating Russia's recognition in last April of two Korean testing labs, Pak requested Bezverkhy that Russia additionally recognize six more Korean testing labs in the fields of clothing, textiles, machinery, chemistry and food as soon as possible.

The two previously recognized labs were the Quality Assessment Center of the Korea Academy of Industrial Technology (KAITECH) and the Korea Electric Testing Institute (KETI).

Bezverkhy agreed to dispatch Russian auditors to Korea, possibly around the end of this coming October, and help Korea get certificates from the GOST-R.

When the requested six testing labs are recognized by Russia, it will boost shipments of Korean goods to Russia, IAA officials said.

At the meeting, Pak and Bezverkhy shared the view Korea and Russia need to expand cooperation in technical fields. To seek other avenues of cooperation Pak agreed to send Korean experts to the GOST-R in the near future.

The annual meeting will be held in Seoul next year.

Russian Paper Reports 'Escape' of DPRK Loggers

SK2907105094 Seoul YONHAP in English 1041 GMT 29 Jul 94

[Text] Moscow, July 29 (YONHAP)—Two North Korean loggers recently escaped their camp in Siberia and were heading for South Korea, a Russian newspaper reported here on Friday [29 July].

KRASNAYA ZVEZDA, the organ of the Defense Ministry, said the Khabarovsk boundary guards caught two North Korean loggers trying to stealthily cross the border into China.

Afterwards, the two North Koreans were on their way to South Korea via China, the daily said.

Questioning by the border guards showed that the loggers from a North Korea-run logging camp in Chegdomyn [spelling as received], Siberia, were smuggling themselves into China to seek asylum in South Korea, the report said.

SRV Hopes for Early Supply of Economic Loan

SK2507063294 Seoul CHOSON ILBO in Korean 25 July 94 p 2

[By Pak Tu-sik from Bangkok]

[Text] Foreign Minister Han Sung-chu, who is currently visiting Thailand to participate in the Association of Southeast Asian Nations [ASEAN] Regional Forum [ARF], held talks with Vietnamese Foreign Minister Nguyen Manh Cam on 24 July. The two foreign ministers exchanged views on ways to promote bilateral economic cooperation.

During the meeting, Vietnam consulted about early realization of economic cooperation with the ROK, and Foreign Minister Han expressed a positive response. Vietnam particularly hoped the Economic Development Cooperation Fund loan, worth $50 million and which the ROK had promised to provide, would be furnished at an early date.

Canada Said To Back ROK Membership in NAFTA

SK2907080594 Seoul YONHAP in English 0649 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—Canada has deemed South Korea the second best candidate, after Chile, for membership in the North American Free Trade Agreement (NAFTA) and conveyed the judgment to the United States and Mexico, the Korea Foreign Trade Association (KFTA) said Friday [29 July].

According to a report from the KFTA's Washington office, Keith H. Christie, a senior Canadian trade official who was deeply involved in the NAFTA negotiations, worked out a policy recommendation last January stating that Canada should persuade the United States and Mexico to accept South Korea as a candidate for NAFTA membership.

Christie said in the recommendation that South Korea, like Chile, meets the three major conditions required to join NAFTA—the extent of preparation for NAFTA membership based on complete reciprocity, a solid domestic economy and trade policy, and active participation in the establishment of international trade rules.

The recommendation ranked Australia, Argentina, Colombia and New Zealand as possible NAFTA candidates after South Korea.

Meanwhile, in a telegram sent from Ottawa to the Canadian Embassy in Colombia, Canada conveyed its position on additional NAFTA membership to the United States and Mexico in February, KFTA officials said.

Businessman Meets With Iraq's Tariq 'Aziz

SK2407095994 Seoul KYONGHYANG SINMUN in Korean 24 Jul 94 p 2

[Text] Kim Sung-yon, chairman of the Korea Explosives Group, met with Tariq 'Aziz, Iraqi deputy prime minister and foreign minister, [titles as published] in Athens on 22 July and comprehensively discussed ROK-Iraqi economic cooperation with him.

On the same day, Vice Prime Minister 'Aziz, who stopped in Greece on his way back to Iraq after attending a meeting of the UN Security Council, asked Chairman Kim to promote the ROK enterprises to actively participate in economic exchanges with Iraq and stressed: Iraq took steps to sever its diplomatic relations with North Korea, as soon as it learned that North Korea sold weapons to Iran during the Iraq-Iran war.

Also, he said: Major European countries, such as France and Germany, want the United Nations to lift sanctions to Iraq, and if the sanctions are not lifted, the international price of petroleum will go up in the next two or three months.

Plan Studied To Allow More Foreign Workers

SK2607083794 Seoul YONHAP in English 0800 GMT 26 Jul 94

[Text] Seoul, July 26 (YONHAP)—The government is studying a plan calling for the introduction of 20,000 additional foreign workers to ease the manpower shortage in the "three-d" (dirty, difficult and dangerous) jobs.

Under the current scheme, 20,000 foreign workers (mainly from Southeast Asia) are being brought into the country by the end of August. They are to stay in Korea for two years.

According to the Ministry of Trade, Industry and Energy, the new plan envisages allocating foreign laborers to all manufacturing firms with priority given to textile and footwear factories. It also envisions extending the period of stay by one year to three years.

If the plan is finalized, a ministry official said Tuesday, the additional group of 20,000 foreign workers will start arriving in the country in October and be assigned to workplaces by year-end.

In the meantime, textile businesses have applied for 10,000 additional foreign workers and the footwear industry wants 5,000 more.

President Postpones Vacation Due to Drought

SK2907070294 Seoul YONHAP in English 0643 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—President Kim Yong-sam has postponed indefinitely his summer vacation, originally scheduled toward the end of this month, in consideration of the need to combat the severe drought affecting the nation.

Senior presidential press secretary Chu Ton-sik said Friday the chief executive had planned to start his summer vacation Friday [29 July] afternoon after a luncheon meeting with the business media.

"People from all walks of life are making strenuous efforts to overcome the drought even though some regions of the country have experienced relief from the dry spell," Chu said. "President Kim has thus decided to put off his vacation indefinitely."

Last year, Kim vacationed at Chongnamdae, Chungchong Province, from July 30 through Aug. 4.

President, Party Differ on Timing of Trade Bill

SK2907021494 Seoul THE KOREA TIMES in English 29 Jul 94 p 2

[From the "Press Pocket" column]

[Text] Chongwadae [presidential offices] and the ruling Democratic Liberal Party [DLP] reportedly differ over when the ruling camp will push for ratification of the Uruguay Round [UR] bill at the National Assembly.

The presidential office wants to present the controversial bill to a special Assembly session in August, while the DLP plans to have it ratified in the closing phase of the regular Assembly session in late December.

Senior presidential secretary for political affairs Yi Won-chong met with Rep. Paek Nam-chi and other DLP policymakers Wednesday but they failed to reach an agreement.

Yi reportedly insisted on ratifying the UR bill in August, arguing that the matter should not be shelved for an indefinite period for the sake of national interests.

DLP policymakers were negative to the idea, saying that any ruling party move to railroad the bill through the Assembly will draw fierce opposition from the main opposition Democratic Party and incite nationwide protests from farmers now reeling from the prolonged drought.

The policymakers reportedly suggested that the UR bill be tabled until after the Assembly passes next year's budget in the regular Assembly session in December to minimize repercussions expected from ratification of the bill. The opposition party has vowed to block ratification at any cost.

Panel Formed for World Social Development Summit

SK2907030994 Seoul YONHAP in English 0235 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—The government formed a working committee Friday for the World Summit for Social Development to be held in the Danish capital of Copenhagen next March 6-12.

The committee, to be chaired by the Prime Minister's Office Adminstrative Control Office Director General Kim Si-hyong, will hold its first meeting Friday afternoon to work out future plans for the summit while assigning individual tasks to each ministry concerned.

In addition, the committee will map out a country report to be submitted to the summit meeting and study the government's stand on the final summit declaration and implementation programs to be adopted at the conference.

The social development summit was decided in 1992 by the 47th United Nations General Assembly to seek an international solution to such social problems as poverty, unemployment, environmental pollution and drug abuse.

Funds Earmarked for Transportation Infrastructure

SK2907082094 Seoul YONHAP in English 0722 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—Nearly 18 trillion won will be invested in the building and expansion of such infrastructure as railroads, seaports and cargo terminals by 2003 in an effort to enhance the nation's competitiveness by cutting the cost of transportation, storage and loading of freight, the Ministry of Transportation said Friday [29 July].

The amount does not include 51 trillion won set aside for the construction and expansion of roads between 1992 and 2001 under the "Special Budget on Roads and Transportation Facilities," bringing total investment in infrastructure improvement to nearly 70 trillion won by the early 2000s.

According to its "Basic Plan for the Improvement of the Freight Transportation System To Reduce Transportation Costs," the ministry will invest 8,751.7 billion won or 48.7 percent of the total 17,970.8 billion won in railroads, 5,556.3 billion won or 30.9 percent in seaports, 1,963.3 billion won or 10.9 percent in multiple cargo terminals and other inland cargo depots, 194.4 billion won or 1.1 percent in airport cargo terminals and 1,505.1 billion won in other facilities.

The ministry wants to allocate 13,977.2 billion won to the project from the national treasury while seeking 3,993.6 billion won from the private sector.

It expects transportation costs, which currently account for 34 trillion won annually or 17 percent of annual sales by the country's businesses, to decrease 15 percent to 54 trillion won in 1997 and 11 percent to 81 trillion won in 2003.

The amount of freight is expected to rise to 3,154 million tons in 1997 and 5,523 million tons in 2003 from the current 2,339 million tons, the ministry said.

The plan includes dividing the country into six regional transportation centers comprising Seoul, Taejon, Kwangju, Kangwon, Taegu and Pusan by 1999.

These regional hubs will then be merged into three larger areas including Seoul and the central part of the country, the Yongnam region (the southeast) and the Honam region (the southwest).

The three larger transportation areas will have new multiple cargo terminals, inland distribution centers, airports and seaports designed solely for containers, the ministry plan stipulates.

To implement the plan, the ministry has already concluded negotiations with other government agencies and intends to come up with relevant laws this year, according to ministry officials.

Court Suspends Law on Excessive Land Value Tax

SK2907081494 Seoul YONHAP in English 0654 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—The Constitutional Court suspended the law concerning the tax on excessive growth in the value of land Friday [29 July], virtually ruling the statute is unconstitutional.

Presiding Judge Kim Yang-kyun of the court's Plenary Panel decided in a complaint against the law filed jointly by Kim Ul-tae of Seoul and Kyong Yong-op of Suwon that four articles of the legislation providing for discretionary tax bases of unrealized imaginary income, uniform application of a 50-percent tax rate on such income and treatment of leased land as idle land are "not in agreement with the Constitution."

He thus ruled that these articles run counter to the Constitution based on the economic principles of free democracy such as the guarantee of citizens' property rights, double taxation avoidance and a balanced tax burden.

Kim said the legislature must amend the law to remove the unconstitutional provisions to prevent the expected social disturbance if the law is rendered unconstitutional outright.

The law came into force at the end of 1989 in order to check speculative investment in land, defying the resistance of many landowners.

In a related development, the National Tax Administration said the law concerning the tax on excessive increases in the value of land will be effective until a new law is enacted because the Constitutional Court's ruling aims at revising the legislation.

Accordingly, the administration will continue collecting taxes from delinquent taxpayers for a balanced tax burden with those who have already paid tax under the law, a spokesman said.

Bank Reports on Current Account Deficit

SK2907110394 Seoul YONHAP in English 1039 GMT 29 Jul 94

[Text] Seoul, July 29 (YONHAP)—South Korea's current account showed deficits of 170 million dollars in June, the Bank of Korea reported on Friday [29 July].

In a monthly international payments trend, the central bank said current account deficits totaled 2,711.3 million dollars in the first six months of this year, up 131 percent over the like period of the previous year.

The expanded deficits were due mainly to an increase in the introduction of capital goods prompted by business recovery and also to growing deficits in travel and transportation balances.

In the first half of the year, exports amounted to 43,116.4 million dollars, a rise of 11.9 percent over last year, and imports to 44,704.4 million dollars, up 14.5 percent, showing trade deficits of 1,588 million dollars.

Trade deficits in the like period of last year were 525.8 million dollars.

Invisible trade and transfer balances, too, recorded 1,329.5 million dollars deficits in the first half of this year, which compares with 793.5 million dollars a year before.

The total invisible trade deficits include 654.9 million dollars recorded in travel balance, 458.9 million dollars more than a year before when travel deficits amounted to 196 million dollars.

Textile Imports, Exports Rise

SK2307081494 Seoul YONHAP in English 0721 GMT 23 Jul 94

[Text] Seoul, July 23 (YONHAP)—South Korea's exports and imports of textile goods in the first half of this year rose 8.1 percent and 25.5 percent from a year earlier to 8,234 million U.S. dollars and 2,414 million dollars, respectively, business sources said over the weekend.

Exports of raw materials, fabrics and yarn rose 35 percent, 20.5 percent and 9.6 percent, respectively, while clothes exports fell 7.5 percent to 3,065 million dollars.

Exports to China, Hog Kong, the United Arab Emirates and Indonesia increased 76.5 percent, 23.3 percent, 17.7 percent and 13.9 percent, respectively, but shipments to the United States, the European Union and Saudi Arabia Fell.

Imports of clothes jumped 59.8 percent to 360 million dollars, and those of yarn, fabrics and raw materials rose 32.3 percent, 23.7 percent and 8.8 percent, respectively.

Deliveries from Taiwan, Italy, France and China increased 56.3 percent, 44.9 percent, 44.5 percent and 44.3 percent, respectively.

Burma

UN Envoys, Seminar, 'Contact Group' Suggested

BK2907083994 Hong Kong AFP in English 0742 GMT 29 Jul 94

[Text] Bangkok, July 29 (AFP)—Burmese opposition to the government in Rangoon called Friday for United Nations special envoys to mediate the process of dialogue with the ruling junta in Burma.

In a statement faxed to AFP Friday, the National Coalition Government of the Union of Burma (NCGUB) said the international community should clearly spell out the action it would take against Rangoon if reforms were not forthcoming.

The NCGUB suggested a UN-sponsored international seminar on Burma to define "benchmarks" to be met by Rangoon, "followed by the formation of a 'contact group' of influential democratic countries, including several ASEAN members, to advise the UN Secretary General."

It said the contact group should "set the mandate of UN special envoys or special representatives of the UN Secretary General to mediate in the process of dialogue and oversee the transition to democracy and peace in Burma."

The statement warned against underestimating the State Law and Order Reconstruction Council (SLORC), the junta's official name, saying it would "continue to do whatever it can to prolong its dictatorial rule."

The NCGUB, based near the Thai-Burmese border, went to great lengths to highlight what it saw as positive aspects of the just-ended ASEAN meetings with international powers in Bangkok, welcoming the "greater interest" they demonstrated in Burma.

It made no mention of the shift in the position of several Western powers away from diplomatic isolation of Rangoon and toward ASEAN's policy of constructive engagement with Burma.

It also made no direct reference to the presence of Burmese Foreign Minister Ohn Gyaw at ASEAN last week or his subsequent meetings with some Western officals, except to say his "recent promises" of talks with the UN were an attempt to "mislead the world."

The Association of Southeast Asian Nations (ASEAN) groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Minister Returns From Study Tour in U.S.

BK2907085894 Rangoon Radio Burma in Burmese 0130 GMT 29 Jul 94

[Text] A seven-member Myanmar [Burmese] delegation led by Lieutenant General Kyaw Min, minister of mines, returned to Yangon [Rangoon] yesterday in an Myanmar Airways International plane after visiting the U.S. at the invitation of Ivanhoe Myanmar Holdings Company Limited of Canada.

While in the U.S., the delegation observed gold and copper mining operations and held talks with Mr. (Freelan), chairman of Ivanhoe Myanmar Company Limited, at the office of Robertson Steven in the Bank of America Building, San Francisco.

Mines Minister Lt. Gen. Kyaw Min and his delegation were welcomed at Yangon airport by Lt. Gen. Aye Thaung, minister of labor; U Khin Maung Thein, minister of energy; U Hlaing Win and U Myint Thein, deputy ministers of mines; departmental officials from the Ministry of Mines; and family members of the members of the delegation.

Fishing Banned in Oil Exploration Blocs

BK2807135894 Rangoon Radio Burma in Burmese 1330 GMT 27 Jul 94

[Text] The Texaco Exploration Myanmar Company which had signed a production sharing agreement with the Myanmar Oil and Natural Gas Enterprise will conduct survey work for exploration in offshore oil exploration bloc nos. M-12, M-13, and M-14 off the Tenasserim coast between 14 July and 15 October.

The offshore blocs have been marked as Areas A, B, C, D, E, F, and G and survey work will be carried out in these areas. Area-A extends from North Latitude 13 degree, 14 minutes, 00 seconds to East Longtitude 96 degree, 49 minutes, 52 seconds; Area-B extends from North Latitude 13 degree, 14 minutes, 00 seconds to East Longtitude 96 degree, 54 minutes, 09 seconds; Area-C extends from North Latitude 13 degree, 07 minutes, 16 seconds to East Longtitude 96 degree, 54 minutes, 09 seconds; Area-D extends from North Latitude 13 degree, 07 minutes, 16 seconds to East Longtitude 96 degree, 56 minutes, 27 seconds; Area-E extends from North Latitude 12 degree, 57 minutes, 00 seconds to East Longtitude 96 degree, 56 minutes, 27 seconds; Area-F extends from North Latitude 12 degree, 57 minutes, 00 seconds to East Longtitude 96 degree, 49 minutes, 52 seconds.

Abovementioned areas have been mentioned in the mariner notice and the Ministry of Fisheries has served a notice today banning fishing in these areas.

Members of Armed Groups Surrendered in Jun

BK2807155394 Rangoon Radio Burma in Burmese 1330 GMT 26 Jul 94

[Text] More members of armed organizations in the jungle have been surrendering and giving up the policy of armed struggle after understanding and accepting the genuine goodwill and undertakings of the State Law and Order Restoration Council.

A total of 23 members from the ABSDA [All Burma Students Democratic Front] armed group in the

Northern Military Command and the BCP [Burma Communist Party] armed group in the Southeast Military Command surrendered between 1 and 9 June.

They were warmly welcomed by authorities from the military units concerned.

More on Surrender

BK2807154794 Rangoon Radio Burma in Burmese 1330 GMT 27 Jul 94

[Text] Members of armed groups in the jungles, who have come to understand and accept the genuine goodwill of the State Law and Order Restoration Council have given up the policy of armed struggle and have been surrendering at various military units along with arms and ammunition.

Between 10 and 20 June 1994, a total of 23 members from the Karen armed group, the ABSDF [All Burma Students Democratic Front] armed group, and the BCP [Burma Communist Party] armed group in the jungles in the Southeast Command, the Karenni armed group in the jungles in the Eastern Command, the Karen and Kayan armed groups in the jungles in the Southern Command, the ABSDF armed group in the Northern Command, and the Loimaw U Hkaung Bo group in the Northeast Military Command returned to the legal fold.

They were warmly welcomed by authorities in the military units concerned.

More Details

BK2907101794 Rangoon Radio Burma in Burmese 1330 GMT 28 Jul 94

[Text] Members of armed groups in the jungles, who have come to understand and accept the genuine goodwill of the State Law and Order Restration Council, have given up the policy of armed struggle and have been surrendering at various military units along with arms and ammunition.

Between 21 and 30 June, a total of 22 members from the Karen armed group in the Southern Command, the Loimaw opium smuggling group in the Northeastern Command, and the BCP [Burma Communist Party] armed group, the ABSDF [All Burma Students Democratic Front] armed group, and the Karen armed group in the Southeast Command surrendered to the authorities.

A total of 66 persons returned to the legal fold during the month of June and they were warmly welcomed by authorities in the military units concerned.

Brunei, Malaysia & Singapore

Malaysia

Government Blames UN for Killings in Bosnia

BK2907073594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 29 Jul 94

[Text] Malaysia has put the blame on the United Nations for the death of about 500,000 people in the civil war in Bosnia since the world body has not acted to stop the strife.

Prime Minister Datuk Dr. Mahathir Mohamed said the UN's inaction showed that it only placed importance to economic interests and not human rights, and even that only in certain countries.

He said this to newsmen at the Kuala Terengganu Airport before leaving for Langkawi.

The prime minister says that UN is not only doing nothing to save Bosnia but is also threatening to withdraw the UN Protection Force, UNPROFOR, from the former Yugoslav republic if Bosnia does not accept a peace plan.

It is for this reason that Malaysia is dissatisfied with UNPROFOR, the bureau chief in Bosnia Yasushi Akashi, and UN secretary general Butrus Ghali.

Mahathir Blames UN for Deaths in Rwandan War

BK2907050494 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 28 Jul 94

[Text] Malaysia has put the blame on the United Nations for the death of about 500,000 people in the civil war in Rwanda. Saying the world body has not acted to stop the strifes, Prime Minister Datuk Sri Dr. Mahathir Mohamed said the UN inaction showed that it only gave importance to economic interests and not human lives, and even then only in certain countries.

He said this to newsmen at the Kuala Terengganu Airport before leaving for Langkawi. The prime minister feels that the UN is not only doing nothing to save Bosnia, but it is also threatening to withdraw the UN Protection Force, UNPROFOR, from the former Yugoslav republic if Bosnia does not accept the peace plan. It is for this reason that Malaysia is dissatisfied with UNPROFOR's civilian chief in Bosnia Yasushi Akashi and UN Secretary General Butrus Ghali.

Commentary Voices Confidence in EAEC

BK2907030794 Kuala Lumpur Voice of Malaysia in English 0810 GMT 26 Jul 94

[Station commentary]

[Text] All indications are that the East Asian Economic Caucus, EAEC, will get off the ground soon. The nine prospective members of the EAEC have already held informal talks at ministerial level in Bangkok to discuss the plan and swap ideas. Door is now open and it is now up to the prospective members to come up with ideas on the various EAEC modalities.

It is an ongoing process, and members will have to decide what form the caucus should take and when it should be launched. It is generally felt that its core members should have more consultations for the launch of the caucus. The objective of the consultations is to obtain inputs from respective members to enable the caucus to be launched as soon as possible. Several timeframes have been sought to get the EAEC moving.

Prospective members—Japan, China, and South Korea—will have to be consulted if the caucus should be a ministerial forum. There is no doubt that serious attention should be given to various issues before such a caucus can be launched.

Undoubtedly, countries in the region stand to gain with the launching of the caucus. Firstly, the EAEC will enable ASEAN to be more proactive in outgoing common concerns of developing countries apart from providing spinoff benefits for the region. Moreover, the EAEC, together with other regional groupings, would view Southeast Asia and its neighbors and friends in the Asia-Pacific region an effective set of instruments in working towards greater peace and prosperity. [sentence as heard]

It is vital that ASEAN countries should take a proactive stand in raising issues affecting developing countries. There is a danger [words indistinct] countries arising against the emergence of trading groups.

To this end, it may be desirable that ASEAN undertake the stand within the world trade organization as the voice of the developing world. This is because there is growing anxiety among protectionist camps and the emerging practice of linking trade and aid with issues with sociopolitical conditions in the developing world. Moreover, the world economic system and the international economic relations are still marked with acute disparities and unacceptable inequities between developed and developing countries. ASEAN therefore needs to broaden and deepen its economic linkages with both East Asia and the Asia-Pacific.

There is also a need for the structured management of seeing the Asia-Pacific within the next decade to ensure favorable conditions of peace, growth, and development to continue in the region. It is heartening to know that after three decades of consolidation, ASEAN is now on the threshold of expansion. It is timely that the organization is now ready to extend its consultative and consensual approaches to a broader world.

A start has been moved in this direction. The six ASEAN foreign ministers at a meeting in Bangkok for the weekend signed a new agreement for the establishment of an ASEAN fund with equal contribution of U.S. $1 million from each country to provide flexibility in the financing of ASEAN projects. Fifty percent of the fund will be set aside for income generating purposes, for the remainder will be used to finance ASEAN collaborative projects.

Malaysia, on its part, has offered to hold the first EAEC meeting if its ASEAN partners want it to do so. The stage has been set for the take-off. It is now up to countries in East Asia and Asia-Pacific to map out the strategies for greater peace and progress in the region.

Minister Reviews Business Ventures in China

BK2907051394 Kuala Lumpur NEW STRAITS TIMES in English 27 Jul 94 pp 1, 2

[Text] Kuala Lumpur, Tues.—Twenty-two of the 36 business ventures mooted during Prime Minister Datuk Sri Dr. Mahathir Mohamed's visit to China in June last year have either been implemented or are in the process of taking off.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said seven of the joint venture agreements and memorandums of understanding [MOU] had been implemented. Another 15 are in the process of taking off.

Twelve of the proposed ventures are still being negotiated while two have been cancelled, she said in her opening remarks at the third Joint Economic Trade Commission (JETC) meeting in Beijing yesterday.

The text of her speech was released by the Ministry in Kuala Lumpur today.

During Dr. Mahathir's official visit to China, a total of 36 MOUs and joint venture agreement involving investments worth RM8.2 billion were signed.

Rafidah hoped the projects would be implemented soon to provide a catalyst for more Malaysian investments in China in future.

Malaysian companies have invested in various sectors in China such as in the development of infrastructure and property, manufacturing, tourism, power generation, petroleum and petrochemical industry as well as financial services.

Rafidah said although China's investments in Malaysia was still small, it could further increase, especially in resource-based industries, agro-based activities, industrial machinery, ancillary and supporting industries as well as in some sectors of high-technology industries.

Chinese investments in Malaysia would be able to enjoy preferential tariff access to the combined ASEAN market of 330 million under the ASEAN Free Trade Area, she added.

Tracing the growth of China's investments in Malaysia, Rafidah said from 1989 to June 1994, her Ministry had approved a total of 30 projects with a total investment of RM560 million.

China is now Malaysia's 10th largest trading partner, accounting for 2.5 percent of Malaysia's total trade in 1993. Bilateral trade between the two nations amounted to RM5.72 billion last year, up 33 percent from 1992.

Rafidah suggested that the JETC, which comprises government officials from both countries, also include representatives from the private sector in future.

Defense Minister Receives Bruneian Commander

BK2807133994 Kuala Lumpur BERNAMA in English 0707 GMT 28 Jul 94

[Text] Kuala Lumpur, July 28 (OANA-BERNAMA)—Brunei wants to expand its Air Force, and hopes to gain from the experience of its neighbours when buying new equipment and fighter jets, its Armed Forces chief said Thursday.

Royal Brunei Armed Forces Commander Pehin Datuk Indera Setia Major-General Sulaiman Awang Damit said efforts to expand and upgrade the Air Force were still at the planning stage.

We are studying whether the jet fighters used by our friendly neighbours are suitable for our air force, he told reporters after calling on Defence Minister Datuk Sri Najib Tun Razak here.

We have not yet made any offers or determined the types of aircraft and equipment to buy, he said.

Gen. Sulaiman, who also met Chief of Defence Forces Gen. Borhan Ahmad, was conferred the honorary Panglima Gagah Angkatan Tentera (PGAT) gallantry award in a ceremony at the ministry.

Najib presented the award on behalf of the king [paramount ruler], Tuanku Jaafar, who is supreme commander of the defence forces.

Ministry Studies Licensing for Satellite TV

BK2907013094 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 28 Jul 94

[Text] The Information Ministry is looking into the possibility of issuing only two types of licenses for those who wish to receive satellite TV. Its Minister Datuk Mohamed Rahmat said the ministry might consider issuing one license for a set of receiver and decoder. They also need to have an ordinary tv license.

He said this after presenting the Public Bank's Bestari Medal for Excellence in Education in Kuala Lumpur today. Datuk Mohamed also indicated that there might be an increase in license fee for those who wish to receive satellite tv.

Speaking at the presentation ceremony, Datuk Mohamed Rahmat said ASEAN will lead as the Infotainment channel in an effort to create an intellectual society. A knowledgeable society is an important element in the government's efforts to build a progressive society. Datuk Mohamed said the ministry will also look into the possibility of introducing Channel Five in educational tv. He said the current educational TV could be operated as a separate entity in an effort to improve its effectiveness in its role as an educational channel.

Joint Wildlife Sanctuary Planned With Indonesia

BK2907053194 Kuala Lumpur BERNAMA in English 0700 GMT 28 Jul 94

[Text] Bintulu, July 28 (OANA-BERNAMA)—The world's biggest wildlife sanctuary covering some one million hectares of land in Sarawak and West Kalimantan in Borneo will be set up by Malaysia and Indonesia next year.

Sarawak Assistant Minister in the Chief Minister's Department Awang Tengah Ali Hassan said Thursday the park would cover over 173,000 hectares of the Lanjak Entimau wildlife sanctuary in Sri Aman and Kapit divisions in Sarawak and another 800,000 hectares in PT [Company Limited] Karimun, Indonesia. [sentence as received]

The Malaysian side of the sanctuary would be located near the Batang Air hydro-electric project site with West Kalimantan as its border, he told reporters after opening the 10th conference of the Sarawak/West Kalimantan Malindo socio-economic working group/working committee, here.

Steps were being taken in preparation for the project to be run jointly with the International Tropical Timber Organisation (ITTO).

He said the project would be implemented in early or middle of next year.

Awang Tengah said the Indonesian Government had agreed to set up a similar wildlife sanctuary to be named PT Karimun next to Lanjak Entimau's border and when launched the whole area would be the world's largest wildlife sanctuary.

H. Pedi Natasuwarna, who led the West Kalimantan delegates to the conference, told BERNAMA that the Indonesian authorities would implement the project simultaneously with their Malaysian counterparts by allotting some 800,000 hectares for the project.

He said the proposal would be submitted to the Indonesian Government for approval.

Singapore

Key Role in ASEAN-EU Cooperation

BK2807163694 Singapore THE STRAITS TIMES in English 28 Jul 94 p 12

[By Lee Kim Chew in Bangkok]

[Excerpt] Singapore will play a key role to get ASEAN-European Union co-operation moving in a new direction when the two groupings meet in Karlsruhe, Germany, in September.

Foreign Minister S. Jayakumar said that Singapore, as co-ordinator for ASEAN-EU relations this year, would work closely with its European partners to find new ways of strengthening economic cooperation.

He and his German counterpart, Dr Klaus Kinkel, who is also the current EU president, had preliminary discussions on the Karlsruhe meeting during the ASEAN Post-Ministerial Conferences here.

"Dr Kinkel and I will cochair the meeting in Karlsruhe in the last week of September," Prof Jayakumar said.

"Both of us are resolved to make this coming meeting significant in establishing a new direction for ASEAN-EU relations."

The Karlsruhe meeting will be crucial as the EU is rethinking its strategy towards Asia, which it sees as a growing market for European exports and investments. [passage omitted]

Cambodia

Copremiers Ask U.S. To Consider More Aid

BK2907072294 Hong Kong AFP in English 0658 GMT 29 Jul 94

[Text] Phnom Penh, July 29 (AFP)—Cambodia's co-premiers have asked President Bill Clinton to send a team to assess a demand for military assistance to the Cambodian armed forces.

"We would be most grateful if the US government could send a military delegation to Cambodia in order to make (an) assessment and recommendations," a letter from co-premiers Prince Norodom Ranariddh and Hun Sen, obtained by AFP Friday, said.

The US sent 44 military personnel and surplus military road construction equipment in early July for a three month non-lethal military aid programme. The military personnel are training Cambodians to use the new equipment and to step up mine clearance.

Western countries have been reluctant, however, to provide weapons and lethal military assistance. Military experts say it is far more important to first train and reform the armed forces, otherwise lethal aid could be counter-productive as corrupt commanders might sell weapons to the Khmer Rouge.

The government captured the Khmer Rouge's Pailin headquarters in northwest Cambodia in March but lost it to a guerrilla counter-attack in April, a defeat blamed on corruption and poor leadership amongst the officers in charge of the operation.

The letter did no specify whether lethal or non-lethal aid, but made it clear that the government would address the concerns about giving lethal assistance.

It assured Clinton that the government "is firmly determined to undertake the necessary reform of the armed forces." It also said Australia, France, Malaysia and Indonesia have already "appreciated our measures and put forward concrete aid."

Officials at the Malaysian embassy here, however, told AFP that Malaysia had "absolutely no intention of giving military assistance to Cambodia."

Australian Foreign Minister Gareth Evans favoured military aid to the Cambodian government in comments earlier this week, but French Minister for European Affairs Alain Lamassoure said Thursday that it was more important to help Phnom Penh restructure its armed forces.

Senior officials from the Indonesian defence ministry also met Prince Ranariddh and Cambodian co-defence ministers Tie Banh and Tie Chamrat Thursday, government officials said.

They discussed Indonesia training some 200 Cambodian soldiers in counter-insurgency techniques and 50 others in pyschological warfare.

Hun Sen Charges Rangsi With 'Irregularities'

BK2907045394 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 27 Jul 94 pp 1, 11

[Text] On 25 July REAKSMEI KAMPUCHEA took possession of a letter provided by a source who asked to remain anonymous. It was a letter from Samdech Hun Sen, second prime minister, to Prince Krompreah, first prime minister, reporting about irregularities on the part of Finance Minister Sam Rangsi. The letter reads in full as follows:

To First Prime Minister Prince Krompreah:

Highly respected Prince Krompreah, in reference to the clarification dated 15 July 1994 of His Excellency [H.E.] Sam Rangsi, state minister and minister of economy and finance, I would like to present you with a number of views and observations as follows:

Before dealing individually with each issue, I am also honored to recall Article 102 of the Constitution which stipulates:

"Members of the Royal Government shall be collectively responsible to the Assembly for the overall policy of the Royal Government.

"Each member of the Royal Government shall be individually responsible to the Prime Minister and the Assembly for his/her own conduct."

A. The case concerning the Minister of Economy and Finance's announcement instituting a responsibility bonus for public auditors and officials of the State Treasury, in my view, constitutes an error of judgment because this announcement was not approved by the head of the Royal Government and the stipulation that this bonus should be 10 to 15 times more than the salary is also contrary to the norm observed in the past, which required that it should not be equal to or more than the salary, because it might lead to apathy, envy, and disturbances among other civil servants.

Indeed, I agree that there should be some kind of responsibility bonus. However, since we are facing a great difficulty in securing the state budget and this case has not been mentioned in the 1994 allotment, I understand it is unacceptable that a decision should be taken only within the purview of a single ministry to institute a responsibility bonus exclusively for State Treasury officials while ignoring the lot of civil servants in general.

B. The decision to raise mission expenses for Ministry of Economy and Finance officials from 5,000 riels to 13,000 riels per head per day was taken by H.E. Sam Rangsi for the benefit of the Ministry of Economy and Finance only and not for the civil servants in general. This is contrary to the principle of the Royal Government, which requires that such a decision be issued through a decree under the competence of the two prime ministers.

C. He continues to issue permits to import right-hand-drive automobiles in violation of the Cabinet's order. (Ref Communique No. 387 Sar-Cho-Nar-Po-Har [Cambodian letters] dated 1 October 1993 prohibiting the import of right-hand-drive cars). Through the permits of H.E. Sam Rangsi dated 8 March 1994 companies continued to import right-hand-drive cars, and they paid import duties after changing the steering wheels to the left.

This case has elicited a strong reaction from H.E. Ing Kiet as seen in letter No. 1808 sar-kaw-daw-phaw-taw-po-kho dated 15 July 1994.

D. Following the signing of the protocol on the agreement to set up the joint venture CKC-TOTAL, another signing, this one in the name of the Royal Government, was held on the implementation of the agreement with the company Inchcape Testing Services (ITS) concerning the inspection of imported goods. The announcement of the Ministry of Economy and Finance was made without prior consultation with and approval from the Royal Government and without regard for any administrative procedure. This caused a strong reaction in the Ministry of Trade, particularly the company Kamcontrol whose 160-strong staff was faced with a prospect of unemployment.

As a matter of fact, Kamcontrol already signed a cooperation contract with the company Societe Generale de Surveillance (SGS) on 26 September 1991 and has since began gradual operation because this SGS organization, unlike ITS, is an internationally recognized inspection agency with high technology.

Giving exclusive preshipment inspection license to ITS may:

1. Hurt the inspection work of Kamcontrol and the international cooperation agreement with SGS which has helped and is helping Cambodia in training official inspectors, supplying laboratorial equipment, and so on.

2. Cause protests from a number of local and foreign traders and businessmen, such as the company SDV Cambodge, SCAC Transport International, Agence de Rennes, the Shell Company of Cambodia Limited S.A., Santco Cambodia LTD....

ITS is a combination of export-import, transport, and insurance company, a shipping and tourist agency, and an inspection service... It is not purely an inspection company which, by nature, is impartial. ITS, therefore, may be both the inspector of the imported goods and the importer of the inspected goods, that is, it may be both the judge and the defendant. Moreover, ITS does not have subsidiary branches to inspect all kinds of goods. This handicap may cause a bottleneck in the shipment of goods from foreign countries to Cambodia, such as from Indonesia, Vietnam, France, and so on.

In reference to Article 20 of Communique No. 057 of the Finance Ministry, stoppage and fine imposed on transportation means (ships, aircraft, trains, and automobiles) would jeopardize the international trading community, preventing them from shipping goods to Cambodia. Moreover, such a decision cannot be made in the form of a minister's announcement. It should be taken by the Royal Government through a decree, because the office of Kamcontrol was set up by decree No. 25 aw-no-kraw dated 28 November 1986. The inspection charge of 1 percent or the minimum charge of U.S.$200 (or 20 percent) would affect the price of goods, the consumers, the investors...

E. The failure to conduct the principle of public tender on expenses or constructions worth 10 million riels or more, such as:

- The printing of new passport books worth U.S.$2,220,000;
- The construction of the fence around the customs office in Sihanoukville worth 75 million riels.

Concerning these two cases, there were only offers [preceding word in French] from the companies but no public tenders because each tender would require the setting of tender conditions, the establishment of a tender organizing committee, the public announcement of the tender, and the notice on the tender. A tender is far different from a price consultation [two preceding words in French], which is a governmental practice. The price consultation is implemented when small expenses are concerned. The company that offers the lowest price among all the companies that make the offers will get the contract.

Another noteworthy incident is this: There was already a letter from the Foreign Ministry dated 13 February 1994 approving the company SDEIC on its 8 February 1994 subsidiary offer [two preceding words in French] to print new passport books for the ministry when another letter of the same Foreign Ministry was sent on 28 February 1994 to the Council of Ministers asking for its decision on this matter.

The above letter mentioned that Prince Krompre[illegible] and myself have already approved the offer. On this point, I would like to inform Your Highness that from the beginning to the end I have no knowledge whatsoever of the money involved in the printing of the new passport books.

It is my working habit that all my approvals should be noted down or officially registered on the documents concerned. In the case of verbal approvals, I also make it a habit to note them down in my personal diary or to include them in the minutes of the meeting. The one thing that has alarmed me the most is the considerable amount of money involved. It could not be decided just by word of mouth, without any signed document.

To consolidate the principle and norm for the effectiveness of the work of the Royal Government and to perserve the solidarity and unity among the ministries, which is the necessary factor for expanding the stability and success of the Royal Government at the present as well as in the future, I hold that:

1. The Ministry of Economy and Finance must issue a new decision scratching anything that is not compatible with the existing principle and law in force:
- Concerning points C and D, especially concerning the ITS issue, the Royal Government must suspend the agreement and revise the contract.
- As for points A, B, and E, it is a case of violation of the existing law.

2. It is imperative to once again promote cooperation, especially among the leaders of different institutions, on the basis of prior consultation [two preceding words in French] to avoid causing friction among ministries and units.

Creating a state within the state or a government within the government, whether intentionally or not, is violating the existing principle and regulation and the competence and authority of other ministries and institutions, which may harm the stability and efficiency of the Royal Government's leadership and may cause confusion and anarchy within the national community.

Prince Krompreah, please take into favorable consideration all the above information.

Most respectfully yours.

Phnom Penh, 20 July 1994

[signed] Hun Sen, second prime minister

Reportage on Foreigners Abducted by KR

Sources: Foreigners Identified

BK2807140394 Hong Kong AFP in English 1309 GMT 28 Jul 94

[by Kevin Barrington]

[Text] PHNOM PENH, July 28 (AFP)—Police started a hunt Thursday for three Westerners kidnapped in a Khmer Rouge [KR] attack on a Cambodian train, officials said.

An Australian, a Briton and a Frenchman were among scores of people abducted in the worst act of banditry since Cambodia's political rebirth 14 months ago, official sources said.

Authorities announced the search two days after the Khmer Rouge detonated mines to derail the train in the southern province of Kampot and then opened fire, killing ten people and wounding many others.

The names of the Western tourists were known but would not be released until their families had been informed, the officials added. The Australian, aged 29, is from Melbourne, the 28-year-old Briton from London and the Frenchman from Nice.

Pao Sithun, chief of railway militia, told AFP six Cambodian civilians, two train guards, and two government troops were killed.

The militia officer expressed fears for the Westerners' safety and for three ethnic Vietnamese seized in the attack. Two British and an Australian, recently abducted by the Khmer Rouge, are feared dead.

Police in Kampot have been ordered to investigate the attack and the kidnapping, General Lora Min said.

But it was unclear whether security forces will dare pursue the Khmer Rouge, still notorious from their reign of terror in the late 1970s.

In the attack, about 50 Khmer Rouge guerrillas detonated two mines under the train and then opened fire on it around 2.00pm on Tuesday as it was passing through the Kompong Trach district of Kampot province, about 130 kilometers (81 miles) south of the capital, Pich Kimsreang said.

Nguon Sarin, a train guard, described the attack. "I heard the explosion at the front of the train and then another one at the back. All the passengers jumped out of the train and lay down for cover," he said.

A Khmer Rouge officer ordered guerrillas to surround the train and the western passengers ran for cover, he added.

"I saw the foreigners were sitting on the roof of the train. After the gunfire started, they jumped down to the ground and I did not see after that because we ran in different directions."

The guerrillas then robbed the passengers and marched some 200 people off into the jungle, said Pich Kimsreang, director of state railways.

The region is so remote and communications so poor that news of the attack only reached the capital on Wednesday.

Since the attack, the Khmer Rouge have released local residents and the women they were holding, Pich Kimsreang said.

Some of those released said the guerrillas announced they were holding the westerners because the Khmer Rouge was angry with the West for providing military aid to the Phnom Penh government, the director said.

Trains running from the capital to the southern port town of Sihanoukville have been ambushed in Kampot province several times, but this was the bloodiest attack this year.

Khmer Rouge forces killed 10 people and injured around 30 others in a train attack in the same area last August, but no captives were taken. American aid worker, Melissa Himes, was kidnapped nearby on March 31. She was released six weeks later, after her aid agency paid a ransom.

Australian Kellie Wilkinson, her British boyfriend Dominic Chappell and their British friend Tina Dominy were abducted while in a taxi heading for Sihanoukville in March. British experts are studying human remains found since that are feared to be their bodies.

The British Foreign Office has said another British national, Peter Burndred, is feared missing in northern Cambodia since January. He disappeared with a Thai girlfriend on the Thai-Cambodia border.

The Khmer Rouge boycotted United Nations-sponsored elections last year and have since pursued a war of attrition against the coalition government that emerged from the poll.

The Phnom Penh government this month formally outlawed the Khmer Rouge and expelled their representatives from the capital. The government has appealed for military assistance from abroad.

Australian Policy Condemned

BK2907005394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 28 Jul 94

[Communique of the Spokesman of the Ministry of Immigration Dealing with the Problem of Vietnamese Immigrants in Cambodia issued on 28 July; place not given—read by announcer]

[Text] A report from Phnom Penh reveals that Mr. Michael Kirby, former magistrate of Australia representing the alliance of the villains in the United Nations, came to Phnom Penh where, together with communist Vietnam, the two-headed puppets of communist Vietnam, and the alliance of villains, he will help draft the immigration law to legalize the influx into and devouring of Cambodia by Vietnamese nationals.

On behalf of the Provisional Government of National Union and National Salvation [PGNUNS] and in the name of the Cambodian nation and people who are fighting to defend and save their own country and race from being swallowed by communist Vietnam as it did to Kampuchea Kraom, the spokesman of the Ministry of Immigration Dealing With the Problem of Vietnamese Immigrants in Cambodia would like to issue the following communique:

1. UNTAC [United Nations Transitional Authority in Cambodia] led by the alliance of villains has betrayed its own mandate. UNTAC did not verify or control the withdrawal of Vietnamese forces from Cambodia. UNTAC helped keep Vietnamese forces in Cambodia by insisting that there were no Vietnamese in the country. UNTAC arbitrarily issued laws to help Vietnam and permit Vietnamese nationals to immigrate into Cambodia at will. Currently, there are 4 million Vietnamese nationals living in Cambodia. This is a threat to the very existence of the Cambodian nation and people. UNTAC trampled on the Paris accords and stomped on the Cambodian people's right to self-determination. UNTAC, in fact, is Yuon Theak [kick of the Vietnamese].

2. As for Michael Kirby's activities, they constitute a continuing violation of the Cambodian people's right to self-determination, a violation of Cambodia's sovereignty and territorial integrity, a violation of the UN Charter, and a violation of the Geneva Convention of 12 August 1949 prohibiting an invading country from sending its own nationals to settle in the invaded country.

3. Why does this villainous so-called champion of human rights and democracy readily allow Vietnamese to immigrate to Cambodia while he himself has tightly closed his own country to refugees? Why does territorially vast and economically rich Australia try to expel the few thousand Vietnamese refugees from the country? These are only just a few thousand Vietnamese refugees. When 4 million Vietnamese nationals are devouring Cambodia, why then do the villains and Australia become the advocates for the Vietnamese?

4. The PGNUNS and the Cambodian nation and people condemn the actions and activities of Michael Kirby and the alliance of villains, and reject all laws and measures that would legalize the four million Vietnamese nationals and permit Vietnamese to continue migrating into Cambodia. Communist Vietnam, the alliance of villains, and their two-headed puppets must bear responsibility for all consequences deriving from their activities and criminal actions concerning this problem of Vietnamese immigrants.

5. The Cambodian nation and people and the PGNUNS cannot stay unconcerned and let communist Vietnam wolf down their own country like a snake gulping down a frog. All of us will carry on the struggle until we achieve national reconciliation, bring about peace, and end both the military and demographic war of communist Vietnam so that Cambodia can really determine its own destiny.

We also appeal to all peace- and justice-loving countries the world over to help deter the Vietnamese act of swallowing Cambodia through its demographic war.

28 July 1994
[Signed] the Spokesman of the Ministry of Immigration Dealing With the Problem of Vietnamese Immigrants in Cambodia

AFP: KR Moves Hostages

BK2907043794 Hong Kong AFP in English 0422 GMT 29 Jul 94

[Text] Phnom Penh, July 29 (AFP)—Khmer Rouge [KR] guerrillas killed three Vietnamese hostages and moved three westerners to a jungle base after an attack on a train in southern Cambodia where 10 people were killed and many were injured, police and train officials said Friday.

"According to information we got from (Cambodian) hostages released yesterday, the three Vietnamese have already been killed and the three westerners were moved to the Khmer Rouge headquarters," the director of the state railway, Pich Kimsreang, said.

Police General Lora Min said the three western men—an Australian, a Frenchman and Briton—were brought to meet the leader of the Khmer Rouge, Commander Paet, in the jungle around Phnum Voa in southern Kampot province, 130 kilometers (81 miles) south of the capital.

Ten people were killed in the ambush Tuesday when a group of around 50 Khmer Rouge guerrillas detonated two mines under the train and then opened fire on it as it was passing through the Kompong Trach district of Kampot province, a train official said.

Six civilians, two soldiers and two train militia were killed and many others were wounded, he said.

The guerrillas boarded the train, robbed the passengers and then marched some 200 people off into the bush.

Most of the Cambodians have been released. General Lora Min said that around 30 Cambodian men were still being detained by the guerrillas.

There was no immediate reason why the three Vietnamese were killed. But the Khmer Rouge have a visceral hatred of Vietnam, which ousted the Khmer Rouge regime in Phnom Penh in 1979 and then installed a pro-Hanoi government.

Ethnic Vietnamese in Cambodia are considered by the Khmer Rouge to be spies and interlopers working for Vietnam.

Two Communes in Mongkolborei Said Liberated

BK2907014894 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 28 Jul 94

[Excerpts] Here is a report from the lower stretch of the Mongkolborei River battlefield [in Mongkolborei District in Banteay Meanchey Province]. [passage omitted]

1. On 26 July, the people and NADK attacked the two-headed invading forces in Srah Reang commune, liberating three villages, namely, Kouk, Srah Reang Khang Lich, and Srah Reang Khang Koeut; killing a Vietnamese covert supervisor of the commune administration and 10 evil administrators; and removing 70 military and civilian administrators. They also seized 26 weapons—seven AK's, 13 SKS's, five SK's, and a B-41—three B-40 rockets, and 250 rounds of AK ammunition.

2. On the same day, our people and NADK attacked the invading forces in Kouk Balang commune, killing five of them, wounding five others, destroying 10 barracks, seizing five AK's and 200 rounds of AK ammunition, and capturing 20 military administrators of the two-headed elements.

In sum, on the lower stretch of the Mongkolborei River battlefield, we liberated two communes, namely, Srah Reang and Kouk Balang communes, killing 15 invading forces, wounding five others, killing a Vietnamese covert supervisor of the puppet commune administration, capturing 100 military and civilian personnel of the puppet administration, and seizing 31 weapons. [passage omitted]

Investment Board Reveals Mission Statement

BK2907032394 Phnom Penh CAMBODIA TIMES in English 24-30 Jul 94 p 5

[By Uk Kimseng]

[Text] Phnom Penh—The Cambodian Investment Board (CIB) has stated that its main task is to effectively promote and facilitate foreign and local investments here.

This is through a speedy approval procedure and a very competitive incentive package.

The objective of the CIB is to create employment and to increase the national productivity and competitiveness of this nation in order to achieve a sustainable socioeconomic development.

CIB Secretary General It Vichit, when speaking to The Cambodia Times about the board's mission statement said: "The CIB is a one-stop service centre with both upstream and downstream functions."

"Upstream functions include information dissemination, procurement and application and, subsequently analysing and evaluating the information before making a final decision on the approval of the investment proposal."

"As for downstream, the CIB will work closely in line with ministries to facilitate investor requirements such as visa and work permits, company registration, custom duty and tax exemption, land and property use, factory and plant clearance as well as legal matters pertaining to the investors project here."

He added that the investment law of the Kingdom of Cambodia offers several attractive incentives to potential investors. These range from free market and open economy, competitive incentives such as nine percent corporate income tax, maximum of eight years tax exemption and a 100 percent duty exemption.

The CIB, through the ambit of the Cambodian Development Council (CDC) and the mandate of the Royal Government, also guarantees non-nationalisation of foreign companies and organizations here and land use of up to 70 years with land ownership being restricted at 51 percent to locals.

"At the moment, the entire CDC has a staff strength of 15 and we are capable of handling investment proposals quickly, professionally and strictly above board, with full transparency."

"The fact that the CDC Board comprises of First Prime Minister Prince Norodom Ranariddh, as the Chairman and other key Cabinet members, enables the CIB to make quick and prompt decisions on any investment proposals."

"Besides this, our non-political affiliation enables us to take a completely professional approach towards investment proposals; the deciding factor will be market driven economics and not politically motivated decisions," Vichit said.

The CIB comprises various sections: information, documentation, public relations and promotion departments, plan investment roadshows, project evaluation and environmental evaluation, co-ordination with inter/intra ministry, country analysis and strategy to procedures, investment codes and administration.

The CIB, contrary to speculations, is already functioning along with the CDC and the Cambodian Rehabilitation and Development Board (CRDB).

"Although the various laws pertaining to investments here, such as the investment law, tax law, company and commerce code and other laws, are not in place, we are already functioning."

"Our first investment road-show, once all the fundamentals are in place, will be targeted at the Pacific Rim as that is where the money and the big investors are," he added.

The CRDB's main task, is to facilitate and co-ordinate the implementation of bilateral and multilateral aid programmes and assistance.

The objective of the CRDB is to rebuild efficient infrastructure and develop human resources to support the socioeconomic development of this nation.

The CDC, CIB and the CRDB, housed at the former headquarters of the Supreme National Council building, expects to have a combined staff strength of approximately 150 once it is fully operational.

However, recruitment will only be taking place as the work load increases and investment proposals come pouring in.

"There is no reason why this nation of ours must continue to be an underdog when compared to the neighbouring economies of the region. The sooner our economy taps into the regional economy, the better will be the chance for economic progress," Vichit said.

"We must be driven by market economics otherwise, we will be left behind and will continue to be the underdog. We must act fast as failure to do this will mean a further lag in our government's aspirations of rehabilitation, reconstruction, development and progress, not forgetting reconciliation."

CPP Governor of Pursat Profiled

94SE0134B Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 19 Mar 94 p 3

[TEXT]...He was born on 15 May 1939 in Phum Ambel, Krabau Sub-District, Komchay Mear District, Prey Veng Province; the same district where Samdech Chea Sim, the current president of the National Assembly and chairman of the Pracheachon Party, was born. His parents were farmers and had six children. He was the oldest child. Because of the deplorable living conditions, he got only the poorest education; the majority of his education he obtained when he became a monk. When he was 15, he entered the first grade. After three years of school, he became a monk for seven years at Wat Kandaor Chrum in Thbong Khmum District, Kompong Cham Province.

After that he joined the struggle against French and American colonialism. After 1975, because he realized that the Pol Pot group was not good, he fled to struggle anew. It was due to this struggle that he became a major figure in the Pracheachon Party which was fighting to destroy the Pol Pot regime. And perhaps because of his immense achievements of this kind and the ability which he acquired, he became the longest tenured provincial governor of all those who had come after 1979.

Mr. Ros Sreng does not hide his meagre education from us, but he also does not brag about it, and he can govern the province. He told us that he never dreamed of becoming a provincial governor based on his ability. But when he gets a job to do he always does his best. His experience has taught him much about government work and also about military work.

Commentary on Khmer Rouge 'Power', 'Character'

94SE0134C Phnom Penh KOAH SANTEPHEAP in Cambodian 27-28 Apr 94 pp 1,4

[TEXT] Will the "Round Table" Bring Peace?

The real leader who holds the power is not Khieu Samphan, it is acutally Pol Pot a.k.a. Saloth Sar who now has a young wife living in a Thai province adjoining the

Cambodian border. Khieu Samphan is only a man who can be called a puppet, who plays a role on the Khmer Rouge political stage. At every meeting, Khieu Samphan cannot decide anything on his own other than to go ask for approval or disapproval from General Secretary Pol Pot; he is the one who really counts.

Therefore there can be no peace in Cambodia as long as Pol Pot, Ieng Sary, Ta Mok, Son Sen, etc. with whom the Cambodian people do not forget their blood grudge, are present. And, if Pol Pot and Ieng Sary are not present, Khieu Samphan cannot agree to peace at all.

As for the Cambodian people, it is certain that they cannot accept Pol Pot, Ieng Sary, Ta Mok, etc. in the government.

Therefore, can the "Round Table" be the way to peace?

Cambodian political observers assure us that the "round table" is definitely not the way to permanent peace and that the round table can increase the influence of the Khmer Rouge and give them the will power "to attack" at a new level while we are busy daydreaming about the "round table."

It is a habit of the Khmer Rouge that they usually "seize the chance to attack" when they enter negotiations and every "negotiation" usually give them "strong" advantage.

It is the character of the Khmer Rouge not to be "satisfied" until they have complete power.

But, [we] must not forget that it is the army of Heng Samrin, Chea Sim and Hun Sen which frightens the Khmer Rouge. Those who want to destroy this historical achievement are the Khmer Rouge.

At this moment, armies of the three factions are mixed together, why can't they destroy the Khmer Rouge? Is it possible they are too tolerant?

The Cambodian people very much want "peace," but a peace which does not include the return of the genocidal regime.

Look at the smiling face of Khieu Samphan; he seems not to have abandoned killing for "revenge" at all.

Indonesia

Editorial Views CGI Loan for Productivity

BK2907052294 Jakarta KOMPAS in Indonesian 12 Jul 94 p 4

[Editorial: "The $5.2 Billion CGI Loan Is To Be Utilized for Productivity"]

[Text] President Suharto's reminder that foreign loans or financial assistance should not be utilized for consumer purposes was indeed timely. Everyone was gratified that the Consultative Group on Indonesia (CGI), during its two-day meeting in Paris, agreed to grant a $5.2 billion loan to Indonesia for the 1994/95 fiscal year. This indicated the CGI's consideration that Indonesia had been successful in its economic development. The CGI considered Indonesia's economic development as a model for the other developing nations, even though it had some critical comments. The country's rapid economic development has received international support.

The CGI's decision to grant Indonesia the loan was not only a relief but a welcome development. The international community increases its financial assistance annually. The $5.2 billion loan is the biggest Indonesia has received so far in one fiscal year.

President Suharto, on his part, advised Finance Minister Mari'e Muhammad last Saturday that the public will have to bear the burden of every financial assistance or foreign loan. Therefore, the foreign loans should be utilized to fund the productive sectors, which will simultaneously improve the people's living standard. Finance Minister Mari'e Muhammad said,"The president has requested that such a matter be explained to the people through the press or the electronic mass media."

Our responsibility toward fulfilling the people's interest is not a new undertaking. Besides, it is easier to talk instead of carrying out such a procedure. Such a responsibility is truly strategic and concrete when it is connected to foreign loans or assistance.

Two factors can be indicated. First, any activity connected with foreign assistance—in whatever form—will finally impact on the people's way of life. This first factor is to clarify that there is a concrete objective toward such a responsibility regarding foreign loans or assistance.

The second factor has to do with the strategic objective. The people's living standard will be improved through the transmission of foreign loans to the productive sectors. It can be said that the improvement in people's living standard is an important prerequisite for ensuring the continuous existence of a nation.

The president particularly emphasized that the CGI loan for the 1994/95 fiscal year will be used to fund several projects in various fields such as the development of human resources, infrastructure, agriculture, rural development, environmental conservation and poverty eradication. The six problem areas, which are connected with the development of infrastructure and human resources, have a strategic significance and are directly connected with the existence of a nation.

Such an issue should be noticeable, because the nation's development strategy is currently undergoing reforms. Previously, the nation's development emphasized only three basic human needs, which deal with consumption. These basic needs are accommodations, food, and timber. Currently, the major and most important emphasis on the development strategy is to create a nation capable of reaching its potential. Numerous international organizations have reiterated that the nation's future will be determined by its human resource capabilities and the infrastructure it has developed. Within this framework, consumption issues will be gradually replaced with numerous production issues. President Suharto's reminder is timely and should be given due consideration.

A classic theory on development signifies that a country's economic growth will rise only when there is an increase in the volume of investment and human resources. However, in global development—particularly due to the progress in the information sector and high technology—productivity is the utmost important factor. The data from United Nations Development Program (UNDP) stated that about 50 percent of the developing nations' economic development is determined by productivity.

Meanwhile, the developed nations' productivity only contributes about 9 percent to their economic development. Their productivity varies, and it frequently 'leaps' upward. On the other hand, the developing nations will constantly remain at a 'crawling pace' even though their economic growth performance maintains a double-digit figure.

According to the UNDP, several factors effect the increase in productivity, for example, the acquisition of new technology, the quality of workers, the acquisition of skill, education, and a high entrepreneurial spirit. These factors are derived from the investments in education, health and infrastructure.

The developing nations had definitely made several achievements over the last century. These countries have attained a higher of lifespan, literacy rate, health level, the access to clean drinking water supply. Moreover, the infant mortality and adult death rate has also declined. In short, most of the consumer needs in the developing countries have been satisfactorily addressed, and their situation is currently equivalent to their developed counterparts.

Nevertheless, challenges will emerge from such a situation. High technology and the productivity level from the human resources form the current economic growth machinery. In this aspect, the developing nations are left far behind because the concentration of basic education is still centered in developed nations. Besides, the developed nations are reluctant to provide access to these centers to the developing nations.

The time has come for the developing nations to accelerate the capabilities they already possess. This means that there is no alternative but to further develop material infrastructure such as transportation, communications, public infrastructure, and to further improve the quality of their human resources. Once again, this is where the president's reminder bears a strategic meaning.

Several studies indicate that the development of infrastructure and human resources can reduce the international and social imbalance within the sphere of economic growth. On the other hand, such development could probably trigger a higher inflation rate and could upset the balance of payments. Such a development is only on a short-term basis.

A government can utilize its funds or foreign loans it acquires to solve such a problem. A rational decision is needed. President Suharto's reminder suggested that any decision should be made public.

This is where the mass media plays its important role because Indonesia's society still prefers the consumer aspect to the production aspect. Finally, responsibility will become a challenge.

Media 'Lying Low' After Warning on E. Timor

BK2807164094 Singapore BUSINESS TIMES in English 28 Jul 94 p 6

[By Leslie Lopez in Jakarta]

[Text] Indonesia's media is once again under fire from the government just a month after the closure of three publications.

Over the last month, several publications, including the country's leading English language daily, JAKARTA POST, have received warnings from the government over their reporting of the media crackdown and unrest in the troubled province of East Timor, say journalists and media officials who declined to be named.

The officials say the Department of Information had threatened action against the newly established SINAR magazine and FORUM KEADILAN [Justice Forum], a journal specialising in legal matters. Other publications placed "under watch" included the INDONESIA BUSINESS WEEKLY magazine and the KOMPAS and SINAR PAGI dailies, the officials said.

Officials from the Information Department could not be reached for immediate comment. But senior executives at the various publications confirmed in brief telephone conversations that their organisations had received the warnings.

"We are lying low and exercising a lot of self-censorship," said a journalist from JAKARTA POST.

Diplomats say the media groups currently under scrutiny are likely to fall in line and avoid reports which could upset President Suharto's government in coming months.

"To ignore these warnings would be tempting fate," said one diplomat, referring to the government bans.

TEMPO, DETIK and EDITOR, three of Indonesia's most influential weekly publications, were banned after they breached original guidelines contained in their publication permits. The bans sparked street demonstrations by journalists and human rights groups.

Known for hard-hitting reports and a penchant for exposing scandals at state agencies, the three publications, especially TEMPO, stood as examples of Mr Suharto's growing tolerance towards criticism.

Critics say the closures brought an end to that desire for greater "openness". Media officials said SINAR, a new publication owned by businessman Sudwikatmono who is also a relative of Mr Suharto, was cautioned by the Department of Information early this month.

According to a letter made available to BUSINESS TIMES, SINAR was censured because its reports "clouded the situation" and ran counter to a free and responsible press.

"I hope this warning really gets your attention to prevent the government from being forced to take action," said the letter signed on July 10 by Subrata, the Director General for press and graphics at the Department of Information.

On Monday, he issued a warning to FORUM KEADILAN, a magazine from the TEMPO stable. His department was troubled by its coverage of the media crackdown.

* Comments on Latest Deregulation Package

[Editorial Report] The 11 June Jakarta weekly TEMPO in Indonesian on page 44 reported that the latest deregulation package caught a few ministers by surprise. While deregulation packages have always been announced by the Coordinating Ministry for Finance, Industry, and Development Supervision, this deregulation, announced on 2 June by State Secretary Moerdiono, Capital Investment Board Chairman Sanyoto, and Industry Minister Tunky Ariwibowo, was issued without coordinating with related departments. For example, Communications Minister Haryanto Danutirto was caught "unprepared" when asked why foreign investors are now allowed to enter into the rail transportation and shipping sectors. Information Minister Harmoko claimed that he was not consulted about the deregulation in mass media.

Increasingly concerned about competition from China and other parts of Asia, the Indonesian Government issued PP (government regulation) number 20/1994. The deregulation removed minimum capital requirements, ended equity divestment for joint ventures, and opened up "strategic industries" to foreign ownership. Restrictions lifted by the government include joint-venture investment in seaports; electricity generation, transmission, and distribution; telecommunications; shipping; airlines; railways; nuclear energy; and domestic water supply systems.

Philippines

Local Communists Praise DPRK's Kim Chong-il

BK2807155694 Manila PHILIPPINE DAILY INQUIRER in English 25 Jul 94 pp 1, 12

[Report by Raymond Burgos]

[Text] Filipino communists have paid tribute to the late North Korean leader Kim Il-song and hoped that the socialist state's support for their revolution will be continued by his son and apparent successor, Kim Chong-il.

Armando Liwanag, chair of the Communist Party of the Philippines (CPP), said Kim Il-song was a "brilliant communist thinker and leader" whose works and writings are "worthy of emulation" by Filipino revolutionaries.

Kim, 82, died on 8 July of massive heart attack.

In a three-page letter of condolence to Kim Chong-il, Liwanag expressed gratitude to the late president for "personally" attending to the development of "comradely relations and cooperation" between the Korean Workers' Party and the CPP.

Liwanag is believed to be the guerrilla name of Jose Ma. Sison, CPP founding chair who lives in exile in Utrecht, The Netherlands.

In his letter, dated 9 July, Liwanag noted Pyongyang's "staunch" support to the CPP, which has been waging an armed communist insurgency in the Philippines since 1968.

The letter, a copy of which was furnished the INQUIRER, was delivered on 15 July by Luis Jalandoni, National Democratic Front [NDF] vice chair for international affairs, to the North Korean ambassador in Paris.

North Korea is one of the CPP's most important, although discreet, foreign patrons, especially during the heyday of the Philippine communist insurgency in the 1980s.

Although the CPP and its armed wing, the New People's Army [NPA], espoused a Maoist ideology, China's leaders appeared to have lost interest in supporting them after Beijing's rapprochement with the United States in the early 1970s.

CPP leaders then turned to the enigmatic government in Pyongyang for weapons and support, although most CPP strategists had concluded that North Korea, with its personality cult and iron discipline, was an unworkable model for Philippine socialism.

Military intelligence reports said a number of CPP-NPA cadres have actually trained in North Korea for "commando-type" operations, including the handling of explosives.

In late 1987, after peace talks between the NDF and the Aquino Government collapsed, Western intelligence agencies spotted a North Korean ship believed to be carrying weapons sailing toward the Philippines.

Government security experts said the vessel could have slipped into the country and landed the weapons.

In 1988, the CPP sent an official delegation to Pyongyang during the 40th anniversary of the establishment of the Democratic Peoples Republic of Korea.

Links between the CPP and the North Koreans prompted the Philippine Government to start establishing ties with Pyongyang.

The Philippines only recognizes the South Korean Government. Filipino soldiers fought under the UN flag during the 1950-53 Korean War.

In June 1992, Speaker Jose de Venecia, then chair of the House Foreign Affairs Committee, at that time, visited North Korea and announced upon his return that Manila and Pyongyang have agreed to establish full diplomatic relations.

The idea was quietly shelved after objections from Seoul and Washington.

In his letter, Liwanag said the peoples of the Philippines and North Korea "share a common destiny in fighting for national independence and socialism against imperialism," especially that of the United States and Japan.

"We hope that the comradely relations between our two revolutionary parties of the proletariat and our two peoples will continue to flourish under the aegis of proletarian internationalism," he said.

Chinese Nationals Granted No-Visa Privilege

BK2907025194 Manila PHILIPPINE DAILY INQUIRER in English 25 Jul 94 p 15

[Text] President Ramos has granted Chinese nationals who are holders of Macau-Portuguese passports no-visa entry privileges for an initial seven-day stay in the Philippines.

Explaining the privilege as provided under Executive Order [EO] 191, the president said the exemption merely reciprocated the privilege given Filipinos by the Macau-Portuguese Government. Filipinos are allowed a visa-free stay in Macau for 14 days.

EO 191 amended Letter of Instructions 911 dated 10 August 1979 which required visitors to present visas when entering the country.

The president said the relaxation of entry rules was aimed at attracting more foreign investments and promoting trade and tourism to speed up the country's economic development. He said a number of Chinese nationals holding Macau-Portuguese passports were engaged in business with Filipinos.

Executive Secretary Teofisto Guingona said the new order was concurred in by the Bureau of Immigration and Deportation.

Abu Sayyaf Activities, Composition Viewed

BK2907034894 Manila MANILA STANDARD in English 25 Jul 94 p 9

[By Jose Torres Jr.]

[Text] Isabela, Basilan—After more than a month of military operations in which millions were spent for supplies and ammunition and at least 11 soldiers lost their lives, the government still has not found the kidnappers of Fr. Cirilo Nacorda.

The government's problem, maybe the worst in any war, is not knowing the enemy.

"We don't know them," Col. Edgardo Espinosa told Philippine News and Features. Espinosa heads the 3d Marine Brigade in Isabela, Basilan's capital. He must find and quash the Muslim extremist group responsible for the 8 June massacre of 15 Christians.

Military intelligence reports indicate that Abu Sayyaf members go to populated areas for their supplies.

It may even be true that Jul Jilang and Barahama Sali have been seen in the company of soldiers. "We don't know who Jul Jilang is, Espinosa admitted. He can even be sitting with us." [quote marks as published]

Besides, the military at the moment is only after the Abu Sayyaf fighters. "Their unarmed operatives are in the populated areas," Espinosa said.

What is clear to the military is that the members of the Abu Sayyaf are former members of the Moro National Liberation Front (MNLF) and the MNLFs lost commands who, in the words of Espinosa, "do not believe in the cause now."

Sources in Basilan's Muslim communities, however, confirmed reports of military infiltration of Abu Sayyaf ranks. Among the advisers of Abu Sayyaf leader Abdurajak Abubakar Janjalani are Edwin Angeles, alias Ibrahim Yakub, and Roger Valdez, both government soldiers.

Angeles, who allegedly infiltrated the Red Scorpion Group in its heyday as a kidnap-for-ransom gang in Metro Manila, served as the Abu Sayyaf's political officer until he was reportedly "neutralized" last year. Valdez, a marine, reportedly continues to train Abu Sayyaf fighters in Sulu.

For most Filipinos, the Abu Sayyaf fighters remain faceless bandits who abduct and kill innocent puto [rice delicacy] and fish vendors in the south. Muslim farmers in the Basilan hinterlands call them moklo, the local term for Moro bandits in the 1960s.

Slippery to those who claim to hunt them down, the Abu Sayyaf fighters are well-known to locals, including those who have spotted them in the company of military men. Basilan church leaders said they have affidavits from witnesses to prove their claim that the Abu Sayyaf were seen with government soldiers.

Foremost among the fighters is Barahama Sali, who "housed" the 23 hostages taken 8 June in Matarling. All the hostages, except for Catholic priest Cirilo Nacorda, have been released.

Sali is described as a 32-year-old Yakan, around 4'8" tall and weighing 120 pounds. A former member of the Moro National Liberation Front, he once served under former MNLF Commander Gerry Salappudin, now governor of Basilan. Sali himself became an MNLF commander after Salappudin came down from the hills in the early 1980s.

He grew up with the MNLF guerrillas, at first fetching water and cleaning the guerrillas' guns in the forests of Sampinit in the 1970s.

"He grew up with guns and he loves them," said Basilan Vice Governor Ping Kasim, Sali's uncle. Kasim said Sali never went to school and spent his childhood surrounded by armed men.

His first gun was a Garand rifle. Today, his favorite gun is an M-203 grenade launcher. He also uses an M-14 rifle to shoot at planes and an M-16 Armalite rifle to snipe at government soldiers. "He always aims for the head," said a former MNLF comrade.

"He is a silent, conservative person who will listen to any educated man, said former MNLF commander Manee Narimin, who was Sali's superior in the 1970s. "He is also very religious, praying even more than five times a day," Narimin said.

Sali is married to a "very beautiful woman who looks like Alice Dixson [local movie actress]," people from Sampinit say. The couple have four children, who used to live with him in a house that costs P100,000 [Philippine pesos]. The house was among those destroyed in the military bombardment of Sampinit.

Frustrated in his bid for a promotion within the MNLF in the late 1980s, Sali reportedly started his illegal activities, cutting logs in Sampinit and selling them to lowlanders. He is also believed to have been behind the 1989 abduction of a certain Enyang Arevalo, who is said to have paid P200,000 in ransom.

Sali, however, made a new commitment to Islam upon the urgings of a certain Ustaz Wahab in 1990. Wahab is believed to be a Tablig preacher influenced by Pakistani missionaries who came to the southern Philippines in 1986.

Sali first met Abu Sayyaf head Abdurajak Abubakar Janjalani last year when the latter sought refuge in his camp after the escape of Fr. Bernardo Blanco. Janjalani fled Basilan and in later military operations Sali felt left out when his camp was pounded with mortars and bombs. "He was always left behind to defend Sampinit and suffer the brunt of the military might," said Narimin.

Narimin claimed Sali was set to surrender when Amir Omar, who led the 8 June kidnappers, came to Sali seeking asylum in the wake of the abductions. (Earlier reports that Jul Jilang led the kidnappers and masterminded the killing of 16 Christians were reportedly denied by Sali).

Sali is said to have received a letter from Janjalani appointing him head of the Abu Sayyaf for Basilan Island. This was the recognition he was waiting for, sources said. Believing he would be blamed for the 8 June kidnaping, anyway, he accepted Janjalani's offer.

A source who requested anonymity said that Sali's trusted men are:

—Nujalin Jainudin, 28, second in command and also a relative of Sali. The former MNLF member comes from Sinacapan, Tuburan town, where he reached fourth grade. He is married and has four children.

—Amir Omar (aka Sahirol Ampol), 29, a Janjalani follower who was left behind in Basilan last year. He is said to have led the 8 June kidnapping after Janjalani asked him to divert the attention of the military from Patikul, Sulu. Omar, who studied for two years in the Basilan National High School had 14 followers when he went to Sali to convince the latter to lead them in Basilan. Omar and his men are nephews of Jul Jilang.

—Jul Asbi, from Sulu. He is the nephew of Commander Datu Ulom who was earlier separated from the MNLF for unknown reasons. Asbi reportedly ordered the killing of 15 Christians 8 June. He speaks the Tausug language, but it is not clear if he is Tausug.

"The Abu Sayyaf may have been created by anybody in Basilan," said Basilan Bishop Romulo de la Cruz. "The military, the government or even an ordinary Muslim who tried to create a name for himself may have made it. But the reality is there."

With the eclipse of the fractious MNLF, the youthful Abu Sayyaf has gained center stage—part fiction, part government creation, part insurrection.

But for as long as government refuses to take the Basilan bull by the horns, it will be dealing with movements that metamorphose and mutate, making the public guess what keeps hitting government again and again.

Armed Forces: No More Communist 'Threat'

BK2907102494 Quezon City Radio Filipinas in English 0230 GMT 29 Jul 94

[Text] The Armed Forces of the Philippines, or AFP, says the communist insurgency is no longer a threat in northern Luzon. Major General Eduardo Batinga, commanding general of the Northern Luzon Command or

Nolcom of the AFP, said government forces have neutralized 20 of the 23 guerrilla fronts in the four regions covered by their command; namely, Ilocos, Cagayan Valley, Central Luzon, and the Cordilleras.

Group Urges Government To Oppose Abortion

BK2807134794 Manila PHILIPPINE DAILY INQUIRER in English 25 Jul 94 pp 1, 12

[By Armand Nocum and Bobby Timonera]

[Text] Groups opposed to abortion want the government to take an unequivocal stand against the practice during the UN world conference on population and development [ICPD] set in Cairo in September.

But the Philippine delegation to the conference, headed by Health Secretary Juan M. Flavier, is expected to support the U.S.-sponsored proposal for the worldwide acceptance of abortion as a means of population control, leaders of these groups said the other day.

Antonio de los Reyes, president of the Council of the Laity of the Philippines [CLP], said the delegation includes "academic disciples of unconditional artificial birth control and at least three open advocates of the cause for legalization of abortion."

"Not one pro-life proponent was included in the delegation," he complained.

The other delegates include Economic Planning Secretary Cielito Habito, Sen. Leticia Ramos Shahani, Rep. Teresa Oreta, seven other government officials, three representatives of nongovernmental organizations, and one from the academe.

When reminded that Flavier has declared a stand against abortion, Manny Arejola, another CLP official, retorted: "He is lying."

Accusing Flavier of "duplicity," Manila Vice Mayor Joselito Atienza said that while the health secretary has announced his stand against abortion, a statement he delivered before a preparatory committee of the Cairo conference showed that the Philippines supports the controversial draft Program of Action.

"We share the intents and purposes set forth in the principles of draft Program of Action viz: population, development and human rights, the responsibility of society for human development, partnership in population, gender and equality, the family, reproductive rights and reproductive health, and migration," Flavier said in his statement.

But he also said in the same statement that the government "adheres to the constitutional provisions of protecting the rights of the unborn, and therefore rejects abortion as means of contraception."

Atienza, who heads Pro-Life Philippines, said he obtained a copy of Flavier's statement from sources in the Population Commission and the Department of Health.

The 83-page draft document was formulated by UN organizers and delegates of participating countries like the Philippines.

"President Ramos must totally reject the draft resolution and the way of life being imposed on us by foreign nations," said Atienza.

He said the proposals contained in the document are "contrary to Filipino culture, tradition, and religion."

De los Reyes said the draft document promotes an "inordinate liberal lifestyle" which goes against Catholic faith and morals, sexual ethics, the sanctity of marriage and family, and human life.

He said it is explicit in pushing for "safe abortion" as a human right in the name of "reproductive health;" empowerment of adolescents and children to enjoy sexual freedom and "liberate themselves from the burden of parenthood through contraception and abortion;" and, "reduces conjugal love and marriage to a legal contract, no longer between man and woman alone, but free for all (even among homosexuals)."

The conference, which is held every 10 years, assesses the increase in world population, examines its effect on development, and drafts programs of action to be taken by UN member-countries.

The Cairo meeting will be the third such conference ever held.

The first was in Bucharest in 1974 which, the CLP said, recognized the increase in population and laid the groundwork for governmental intervention through birth control and family planning programs centered on contraceptive marketing.

The second was in Mexico in 1984, which advocated more effective methods of birth control, including voluntary surgical sterilization, but declared that abortion would not be recognized or accepted as a method.

The CLP said Flavier is expected to support abortion because he was part of the leadership of the Family Planning Organization of the Philippines which imported in 1972 the country's first abortion devices, "euphemistically termed 'menstrual regulation kits'."

Finance Secretary Comments on Loans

BK2807120994 Manila THE MANILA CHRONICLE in English 23 Jul 94 pp 1, 2

[By Leticia P. Perez]

[Text] Paris—The Philippines yesterday obtained some $5.6 billion in official development assistance (ODA) loans for this year and 1995, the biggest so far pledged by foreign donors since 1989.

The ODA is divided into $2.8 billion for this year and another $2.8 billion for 1995.

Alan Ortiz, executive director of the coordinating council for the Philippines Assistance Program, said at the close of a two-day pledging session that on an annual basis, the amount of $2.8 billion for this year may be the biggest amount ever pledged by donors.

"We can now go back to Manila and tell our countrymen that the world believes in you and that it is time for Filipinos to believe more in the Philippines," Finance Secretary Roberto de Ocampo said.

Japan was the biggest donor, giving $1.5 billion of the total pledges. The World Bank pledged $700 million, the Asian Development Bank [ADB] between $300 million and $600 million, and the United States, $61 million.

Ortiz could not give any amount for the European countries.

He said, however, that these are all fresh commitments from the donor countries and institutions. The total amount may even be higher since the final tabulations were still being done as of press time.

Of the Japanese pledge of $1.5 billion, $1.1 billion is tied to the 19th yen loan package of the Overseas Economic Cooperation Fund and $400 million comes from the Japan Export-Import Bank.

Ortiz said he could not give a more definite figure for ADB because the bank expressed during the meeting that it was unhappy about the project implementation in the Philippines and thus intends to scale down its commitments.

Official data shows that pledges for 1989 amounted to $2.86 billion; in 1991, $3.23 billion; and, in 1992, $1.58 billion. These were multi-year pledges, thus, lower compared with this year's pledges of $2.8 billion.

Earlier, the donors cited the economic progress the country has achieved so far, but warned against backsliding.

The economy is more open, they said, and the daily power failures are gone. But still, there are concerns that have not been met.

"Staying the course is okay, but it is not enough," Ortiz said.

Statements of donors raised common concerns such as the tax reform package and the need to raise revenues, infrastructure, development shift from the urban to the rural areas; and, government getting out of the private sector business.

Emphasis was also given to the social aspects like environment conservation and protection, population control, agrarian reform, and health care which the donors said should now be a major concern.

Ortiz said Japan wanted more aid channeled to projects aimed at easing poverty. Japan also said development should trickle down to the grassroots level. The United States agreed.

International Monetary Fund (IMF) resident representative Howard Handy said the economy is "fundamentally healthier, political stability has solidified, and above all, the administration of President Ramos is determined to implement the necessary measures to achieve its economic goals."

However, significant political constraints are threatening these efforts, Handy said. He noted, for example, that Malacanang [presidential office] "bowed down" to pressure in the case of the oil price hike.

Another is the possibility that Malacanang would succumb to opposition to the expanded Value Added Tax (VAT). "In these circumstances, it is essential that the authorities remain firmly committed to the program and avoid any slippage in its (VAT) implementation," Handy said.

Kip Thompson, resident representative of the International Finance Corp. (IFC), said the main question is whether the Philippines can sustain increased private sector investments.

Thailand

Paper Warns of Overly Close U.S. Ties

94SE0168D Bangkok THAI RAT in Thai 6 Jun 94 p 3

[Editorial]

[Text] Thailand's image has declined greatly in the eyes of the world. Besides the domestic political pressures, with people staging hunger strikes and shaving their heads in protest, Thailand is also encountering pressure from the outside, including pressure from the International Labor Organization and the United States. They have condemned Thailand for using child laborers like slaves and for allowing child prostitution. Also, the United States is sure that Thailand is helping the Khmer Rouge in its battle against the [Cambodian] government.

We are interested in the American problem. Thailand has followed the butt of the United States and stood by it staunchly during the 40 years of the Cold War. And we fought on America's side in three wars, the Korean War, the Indochina War, and the Persian Gulf War. Their suspicions about Thailand may have a great impact on Thailand. This is a sign that the United States will help the Cambodian government in suppressing the Khmer Rouge. That will be a prolonged conflict that could drag on for years, with Thailand having to suffer the consequences.

The statements made by Christine Shelly, the spokesperson for the U.S. Department of State, are a clear indication of the diplomatic victory scored by the Cambodian government. It has succeeded in making Thailand's great ally believe that Thailand is supporting the Khmer Rouge in its fight. The fact that the U.S. Department of State believes that Thailand is supporting the Khmer Rouge and the fact that the International Labor

Organization insulted Thailand at the Geneva conference shows that Thailand has failed completely in international affairs.

We feel that the government should focus on foreign policy matters, make contact in every way possible, and build a new image for Thailand. The prime minister should visit major countries more frequently. Having the minister of foreign affairs take action alone clearly isn't enough. It must be openly admitted that we are weak when it comes to foreign affairs.

It's worth thinking about the fact that the United States is now dissatisfied with us. This is quite clear from the attitude of Ambassador Lambertson and former Ambassador Morton Abramowitz. The latter even wrote an article in the WASHINGTON POST accusing Thailand directly. And Secretary of State Warren Christopher, who will attend an ASEAN meeting in Thailand next month, seems ready to pounce on Thailand.

We must do our utmost to make the world understand that Thailand has not provided help. But if the United States wants to help the Cambodian government, we will not do anything to stop them. But as a smaller ally, we should warn them so that they don't become bogged down there, which is what happened in the Vietnam War.

U.S. Trade Demands Called 'Bully' Tactics

BK2907050194 Bangkok THAI RAT in Thai 28 Jul 94 p 5

[Column by "Lom Plianthit": "Thailand and its Trading Partner, the United States"]

[Text] Today is the last day of the post ministerial conference of ASEAN and its dialogue partners. Thailand's foreign minister, Prasong Sunsiri, has been assigned by ASEAN foreign ministers to discuss economic matters with the dialogue partners.

The ASEAN dialogue partners are: Australia, Canada, Japan, ROK, New Zealand, the United States, and the European Union—all of them leading APEC members.

Major topics for discussion include regional and international political problems of common concern. Economic issues for discussion include the results of the GATT Uruguay Round of trade talks and the just concluded G-7 summit.

These issues are supposed to be tackled by ASEAN and its dialogue partners during the three day meeting.

Even though my article is rather late because today is already the last day of the meeting, I would still like to say something to the government of Prime Minister Chuan Likphai and to Foreign Minister Prasong Sunsiri, who is the chairman of the conference.

Thailand has all along been a victim of "international bullying" by its major trading partner, the United States, which made use of the general system of privileges and Section 301 of the U.S. trade act to bully Thailand.

U.S. Trade Representative Mickey Kantor is regarded as a real "bully" or a "big mafia" to whom Thailand reacted with fear and submission.

Kantor has told Thailand to do this and do that. For example, he ordered Thailand to have its copyright bill amended, and to have the amendment ready by this or that date.

This government immediately took measures in response to the U.S. demand. It should have been more deliberate and gone step by step in order to give some time to Thai businesses and industries to adjust themselves, financially and in terms of time, to prepare to pay copyright fees on hightech products from the United States.

A clear example of this is the case of "computer software" in which businessmen must pay much higher fees immediately. Prior to the new measures taken in compliance with the U.S. demand, businessmen paid only minimally because they could buy just one set of software (I mean general software, and not the system) and use it with several office PCs.

Now that the Thai Government has applied copyright protection to safeguard interests of U.S. companies in Thailand, businessmen must pay ten times more for ten pieces of software, and one hundred times more for one hundred pieces of software.

Meanwhile, there is no adequate protection for Thai interests doing business with U.S. companies. There have been reports about Thai companies suffering harsh measures from their U.S. partners, but no reports whatsoever about help for them by the Thai Government.

There have been reports solely about measures taken in response to U.S. demands.

Thus, I feel that Thailand's honor has greatly declined now, compared with the situation in the past. What happened reflects the weak foreign policy of the Thai Government.

The latest incident which showcases the sinking of Thailand's honor was during the visit to Thailand by the U.S. under secretary of state for trade and agriculture and his meeting with Commerce Minister Uthai Phimchaichon.

The United States, as expected, told Thailand to speed up the amendment of the Thai labor law, and review the amendment of National Executive Council announcement No. 281 and the Treaty of Amity and Economic Relations because they are impeding the business of U.S. nationals in Thailand.

And as usual the Thai commerce minister, Uthai Phimchaichon, stated proudly that he had instructed officials to undertake a review so that changes will not affect American businessmen. How good he is!

Instead of asking the U.S. for something in exchange for the direct impact felt by Thai farmers caused by the U.S. Farm Act, Uthai only asked the United States to inform Thailand about steps to take in its implementation of the act.

Since it is such a nice trading partner, we do not wonder at all why the Clinton administration would not fail to prop up the current government in power for as long as possible.

Trade Minister Meets Thai Counterpart

SK2907021094 Seoul THE KOREA HERALD in English 29 Jul 94 p 8

[Text] Minister of Trade, Industry and Energy Kim Chol-su met Suphachai Phanitchaphak, Thai deputy prime minister for external economic affairs, Wednesday [27 July] and discussed ways on promoting bilateral economic exchange, a ministry official said yesterday.

Minister Kim and Deputy Prime Minister Suphachai agreed to step up bilateral trade in the future, which has seen a seven-fold increase over the past 10 years.

Concerning the trade imbalance between the two countries, Kim told Suphachai that the Korean government has been trying to increase imports of Thai goods, though it is difficult for the matter to be solved within a short period.

In the first half this year, Korea's exports to Thailand totaled $877 million, while imports amounted to $310 million, according to a ministry tally.

During the meeting, Deputy Prime Minister Suphachai requested that Korean businesses increase investment in Thailand, especially in petrochemical, heavy and hi-tech industries.

Regarding the request, Minister Kim called on the Thai government to improve the investment environment in the country, including expansion of infrastructure, the official said.

Minister Kim also enlisted the help of the Bangkok government in nominating him as secretary-general of the World Trade Organization (WTO), stressing support from ASEAN nations is indispensable, the official said.

Editorial Calls for More Freedom in SRV

BK2907093594 Bangkok BANGKOK POST in English 29 Jul 94 p 4

[Editorial: "Hanoi Would Gain by Total Doi Moi"]

[Text] The repressive regime of Burma was the chief target of those concerned over human rights in Southeast Asia at the recent ASEAN meeting. But it is not the only government being watched by those interested in freedom and democracy. Indonesia was the focus of a human rights meeting for its policies in East Timor. The most populous mainland country hoping for early ASEAN membership, Vietnam, also was called on to improve its record.

There is little doubt Hanoi has earned itself a place on the world stage. Since withdrawing their occupation army from Cambodia, Vietnamese leaders put their colonialist ambitions on the shelf. They have embarked on a more sensible road of economy-building which has wide support both at home and abroad. Tired and ruinous Marxist economic theory has been abandoned. In its place, Vietnam has promoted doi moi, a form of market economics which puts great financial responsibility on individuals and small, voluntary groups. Its campaign to end the US economic embargo finally won the day earlier this year. In short, Hanoi has advanced a long way towards a capitalist economic system.

Its politics have failed to keep pace. Never comfortable with a brief experiment of academic and press freedom during the 1980s, the Communist Party leaders of Vietnam remain adamantly opposed to any meaningful form of political reform. It remains illegal in Vietnam even to recommend a multi-party political system, and most criticism of party decisions and government policies is met with arrests and lengthy prison sentences. Religious activities are heavily controlled, and viewed with suspicion. The Buddhist Church is restricted to a government-controlled faction, and monks who claim independence have been jailed. Former pro-communist partisan Duong Thu Huong, now one of Vietnam's most popular novelists, was even imprisoned for criticising the regime fictionally.

Among the few government voices heard in admonishing repression in Vietnam is Canberra's. A direct participant against the communists during the Vietnam War, Australia was the first combatant nation to adjust to the Hanoi victory. But it has also kept a watchful eye on Vietnam, even while promoting open trade and exchanges with the Hanoi government. Last month, Australian Foreign Minister Gareth Evans renewed Australian criticism of Vietnam's abysmal human rights record when his bid to thaw relations further fell foul of Hanoi's intransigence. He called off a visit Vietnam when officials in that country made it clear they would not discuss human rights, and cancelled planned visits to a prison and an ethnic minority area. "Sad, it does appear that... the time is not yet right in Vietnam for the kind of dialogue we had in mind," said Mr Evans.

The European Union (EU) has slightly better luck. Last week, Hanoi and an EU delegation agreed to wording in a human rights document required of all countries receiving help from Western Europe. But even there, critical differences remain. Hans Van den Broek, EU Commissioner for external relations and security, said he did not expect final agreement before the end of this year. ASEAN requires no such human rights clause as a condition entry, of course, but Thailand and other members remain hesitant in rushing to admit Hanoi to Association.

Vietnam has no Nobel Peace Prize laureate in its political prisons. In many ways, however, its campaigns against freedoms of association, the Press, speech and religion are disturbingly similar to those of Burma. Vietnam has responded to communism's downfall in Eastern Europe by tightening, rather than relaxing, its grip. It has won some support of its people and foreigners by a forward- looking economic policy, including promotion of foreign investment. But citizens looking for a taste of post-communist freedom and potential investors who seek the dynamism of a genuine free market economy, remain disappointed.

The essential dilemma of Vietnam's Marxist leaders was expressed last year. Much to Hanoi's irritation French President Francois Mitterrand stated an essential truth when he declared, "There can not be economic opening without political opening, and it's an illusion to think otherwise." Mr Mitterrand was the first Western head of state to visit Hanoi since independence from the French in 1954.

Doi moi is an obvious but limited success in Vietnam. The regime continues the tired argument that freedom and economic success are incompatible. That is a policy which puts loyal Vietnamese, even former politburo members, in jail or under house arrest. On the contrary, a young, vital and fast-growing country like Vietnam can use the energy which both democracy and economic freedom create.

* NSC: U.S. Helps Burma Fight SUA

94SE0168A Bangkok MATICHON in Thai 21 May 94 p 13

[Excerpt] [Passage omitted] A report from the Government House stated that the matter of Chang Si Fu, or Khun Sa, a narcotics kingpin who is wanted by the United States, was discussed at the National Security Council meeting held on 20 May. This matter was discussed because there have been reports that the United States will soon begin cooperating with the Burmese military government in an effort to suppress Khun Sa. U.S. officials feel that if they can suppress Khun Sa, the amount of heroin being smuggled into the United States will decline greatly. At the same time, the Burmese government will be able to suppress the minority groups that are enemies of the government. Thus, they have agreed to cooperate. Burmese government military forces will be used to carry out the suppression operations, with the United States providing support of various types. [passage omitted]

Memorandum on Lao Refugee Repatriation Signed

BK2907093994 Bangkok THE NATION in English 29 Jul 94 p A2

[Text] Phatthaya—Thailand, Laos and the United Nations High Commission for Refugees (UNHCR) yesterday adopted a Memorandum of Understanding (MoU) to map out an action plan to repatriate all remaining Laotian refugees by the middle of next year.

Thailand will close Ban Na Pho holding camp and Phanat Nikhom transit camp at the end of this year as a clear message that the refugees have to go back to Laos.

The Seventh Tripartite Meeting to solve the Laotian refugee issue ended yesterday when all sides agreed on a plan of action, which if implemented, would see some 14,000 refugees voluntarily return home as early as mid-1995.

National Security Council (NSC) Chief Gen Charan Kunlawanit, who headed the Thai side, cited the "more peaceful" situation in Laos and its need for human resources to help develop the country as reasons for pushing for the refugees to go home.

He stressed that the only choice for the refugees now is to volunteer to return home.

He said that among the 18,886 Laotian refugees remaining in Thailand, 4,000 have already been accepted for resettlement in a third country. They are awaiting departure at Phanat Nikhom transit camp in Chon Buri.

Another 2,000 Laotians who had not passed the screening process are also being held there. These 2,000 along with about 12,000 staying in Ban Na Pho camp in Nakhon Phanom will have to register for repatriation or face being treated as illegal migrants.

In that case they would be dealt with in accordance with immigration laws when the time frame for the Indochinese refugee repatriation programme expires at the end of 1995.

Since 1975, Thailand has been a first asylum country to about 360,000 Laotian refugees. Some 315,000 have already been resettled in a third country and close to 18,000 have been repatriated.

In 1991, the first tripartite meeting set up a three-year programme to speed up the repatriation, but both Thailand and Laos later agreed to integrate it into the Geneva comprehensive plan of action for Indochinese refugees which gives until the end of 1995 to fully implement the programme.

The MoU sets three time phases a target plan; the first phase ends in September, the second runs from October to the end of the year and the third runs to the end of next year.

However, Charan said he expects to finalize the programme by the middle of next year.

Praphakon Samithi, director of the Interior Ministry's Foreign Affairs Division, said that for the first phase 2,000 refugees have already signed up to leave and he expects another 3,000 to join them.

These refugees will receive the full assistance package, including skill training, while those who don't make the cut-off date at the end of September will only receive food from the UNHCR.

Other measures to encourage the refugees to go home include freezing money sent by relatives from abroad and making camp conditions more severe.

Laos is offering the following area for the hill tribe returnees; Mounlapamok in Champassak province, which is a new site, and Atsaphangthong in Savannakhet.

Lowland Laotians can go to Nambak in Luang Phrabang, Nampouk in Bokeo and Nasa-at in Khammoune, which can accommodate up to 3,000 returnees.

The three sides also agreed to set up a tripartite working group which will follow-up on the action plan every three months. The first meeting will be in Bangkok in September.

The eighth tripartite meeting which will likely be the last according to Charan, is tentatively scheduled to be held in Khammoune.

The Interior Ministry will let special provincial committees decide on what to do with the camp land after the refugees have all gone.

Police 'Ready To Cooperate' With Malaysia

BK2907093194 Bangkok THE NATION in English 29 Jul 94 p A2

[Text] Thai police are ready to cooperate with their Malaysian counterparts in dealing with the Al-Arqam movement, a Malaysia-based religious group, Deputy Police Director General Phong-ammat Amattayakun said yesterday before leading a police delegation to a joint meeting with a Malaysian police team.

The meeting in Chiang Mai province was to discuss suppression of economic crime, narcotics and the problem of criminals who seek refuge in one country after committing offences in the other, he said.

The Malaysian delegation was headed by Police Director General Tan Si Rahim Noor.

Phong-ammat said the talks would cover cooperation in suppressing economic crimes, narcotics and joint exercises.

They would also discuss the unsettled issue of returning criminal suspects who hold dual citizenship and take refuge in one country after committing offences in the other, he said.

Phong-ammat said he had yet to discuss with the Malaysian police chief the presence of the Al-Arqam movement in northern Thailand. However, he said the Malaysian police chief might have discussed the issue with national police chief Prathin Santipraphop, who visited Malaysia last week.

The Malaysian police chief may raise the issue during the seventh joint-meeting. Thai police are ready to cooperate with their counterparts if asked, he said.

"We have no problem with this issue. It depends on the Malaysian delegates whether they will raise the Al-Arqam issue. We are ready to cooperate. I think the Malaysian police chief may hold a press conference on the issue after the meeting," he said.

Pol Lt Gen [Police Lieutenant General] Kowit Phakdiphum, deputy police director general overseeing the 5th Police Region, said the police had been keeping a close watch on Al-Arqam in the northern provinces of Chiang Mai and Phrae. There was no armed suicide squad or any training in those areas, as alleged, he said.

"They just came to establish contacts for their business transactions or investment," he said.

Kowit also said that he was ready to provide an explanation to the Malaysian police if the issue is brought up.

The meeting were to be attended by leading officers from both countries' police departments, such as deputy directors general, assistant directors general and commanders of various divisions.

Mon Refugees Fear Return, Seek Shelter

BK2907091594 Bangkok THE NATION in English 29 Jul 94 p A2

[Text] Mon leaders yesterday officially requested the government to allow thousands of refugees who fled an attack by Burmese troops on their camp at Halokhani last week to stay in Thailand.

The refugees are being housed in temporary shelters at a Border Patrol Police checkpoint in Kanchanaburi's Sangkha Buri district.

A member of the Mon National Relief Committee (MNRC) said he expects the request to be supported by the UN High Commissioner for Refugees (UNHCR), which sent two representatives to visit the border site yesterday. This expectation could not immediately be confirmed by the UNHCR itself.

"Obviously, there is no longer security for the Halokhani Mon refugee camp, which is in Burma," said a statement released yesterday by the MNRC. "We worry that such terrible incidents will occur to the Mon refugees if they are (sent back to the) Burma side again.

"The situation in Burma as a whole (has) not improved enough to make any repatriation of refugees," it added. "Therefore, we honestly ask the Royal Thai Government to reconsider (allowing) Mon refugees to take temporary refuge on the Thai side (of the border) before they go back to their home country."

The statement noted that there had already been two incidents involving soldiers from Burma's 62nd Infantry Battalion and the refugees, who had moved to Halokhani from the Loh Loe camp only this year on the orders of officers from Thailand's 9th Infantry Division based in Kanchanaburi.

The first incident occurred on June 20, when two Burmese troops entered the Phalai Thumpai section of the camp and were chased away by the inhabitants, with one soldier killed. More recently, on July 21, more than 100 troops entered Phalai Thumpai, burned down many of the houses and took 16 men prisoners.

The soldiers attempted to move on to the rest of the camp but were prevented by Mon troops. There have been subsequent reports of sporadic fighting between the Burmese battalion and Mon and Karen rebels in the nearby jungle.

Fearing for their safety, the refugees at Halokhani subsequently moved to their present location at the Thai border checkpoint. On Tuesday, a border source said that all the refugees had moved out of Halokhani and there were an estimated 4,000 of them at the checkpoint.

The MNRC representative said that the local district officer in Sangkha Buri has insisted that the refugees move back to Halokhani, but that they had refused out of fear that a third incident might occur. He said appeals will be made to other authorities—including the 9th Division, the National Security Council and possibly the Prime Minister's office—for permission to stay.

He said the UNHCR representatives "are behind us because they agree it's unsafe for the refugees to return".

There has been no word on the fate of the 16 men taken away by the Burmese troops. Human rights groups and Mon leaders fear for their safety because of reports that Burmese soldiers often use prisoners as porters or torture or kill them.

The MNRC source said there was still no explanation from Burma for the attack, but he ascribed it as an attempt to pressure Mon leaders into signing a ceasefire with the State Law and Order Restoration Council ruling Burma.

The Mon have held several rounds of ceasefire negotiations with the military junta in Moulmein, but so far no agreement has been reached.

Prasong Repels 'Onslaught' on Cambodia

BK2907102594 Bangkok THE NATION in English 29 Jul 94 p A4

[Text] Foreign Minister Prasong Sunsiri withstood an opposition onslaught in Parliament yesterday on the questions of Burma and Cambodia, using a dramatic increase in trade with Indochina and Rangoon's agreement to an international dialogue to defend himself.

The opposition held Prasong responsible for lingering international accusations that Thailand still supports the outlawed Khmer Rouge, and blamed him for the controversies stemming from the invitation to Burma to attend the Asean meeting and Thai attempts to block a concurrent human rights conference in Bangkok.

On the second and last day of the no-confidence debate against Prasong and three other ministers, Prawat Uttamot (Chat Phatthana) read to Parliament a report on a research by a US-based "Cambodia Study Group", which investigated Thailand's alleged links with the Khmer Rouge.

The article, published on May 24 this year, said Thailand continued to be a source of military and logistics assistance for the Khmer Rouge, even after the Khmer Rouge boycotted UN-organized elections in 1993 and waged a low-scale guerrilla war against the post-election government.

The article called on the UN to initiate sanctions against Thailand.

"The grant to these (Khmer Rouge) military operations of such sanction by the Royal Thai Government [RTG], given applicable principles of international law, effectively constitute the conduct of undeclared war by the RTG against the Kingdom of Cambodia and as such of course is violative of the Paris Accords and UN Charter," it said.

Prawat also read articles written by Prasong in February and June 1990, which the opposition MP said reflected the minister's pro-Khmer Rouge stand.

"Prasong wrote that if the Khmer Rouge is guilty of brutally killing many people, Vietnam's guilt must be twice bigger because the Vietnamese used forces to invade Cambodia," Prawat said, ignoring House Speaker Marut Bunnak's intermittent attempts to interrupt.

The Udon Thani MP also mentioned the discovery of a controversial arms cache in Chanthaburi, near the border with Cambodia, late last year. He said Prasong's account of the incident contradicted that of the military.

"The Army chief said the weapons belonged to Thailand, but the foreign minister said they were supposed to have been sent to the Khmer Rouge," Prawat said.

Somsak Paritnananthakun (Chat Thai) said Prasong has embarrassed Thailand by inviting Burma, which is isolated and condemned by the international community, to attend the just-concluded Asean meeting. International scepticism about Bangkok's human rights stand was compounded by Prasong's "negative" attitude toward a human rights conference in Bangkok, which was timed to coincide with the Asean forum.

Responding to the opposition charges, Prasong said the government has strictly complied with the UN peace accord for Cambodia, and has cut assistance to the Khmer Rouge. He noted that the Foreign Ministry has denounced the recent formation by the Khmer Rouge of a provisional government.

"People say this government has not tried to turn the 'battlefield into a marketplace'. That is a slogan that came before this government took office, but nothing much really happened then," Prasong said.

"Statistics will show how much trade cooperation between Thailand and Indochina has increased. Now Bt[baht]25 billion is being invested in Indochina, compared with just Bt7 billion before this government," he said.

On the question of the arms cache, Prasong said "the case has been closed", because no donor country has demanded the weapons back. "Smugglers have been punished and the warehouse has been closed," he said.

Concerning Burma, Prasong said Thailand's constructive engagement policy was gaining more international support, and he was coordinating between Rangoon and the United Nations on a democratization dialogue.

"The global community has seen a good sign" for the political deadlock in Burma, Prasong said.

* Economic Costs of Cambodia Border Closure

94SE0168C Bangkok THAN SETTHAKIT in Thai 9-11 Jun 94 p 19

[Excerpt] [Passage omitted] A THAN SETTHAKIT reporter based in Aranyaprathet District, Sa Kaeo Province, reported that Mr. Kasem Chaisit, the governor of Sa Kaeo Province, closed the Thai-Cambodia border trade point at Ban Khlong Luk-Poipet effective 9 April 1994. That was almost 2 months ago, which is a very long time for the border to be closed. This has affected the economy and businessmen on both sides of the border. At least 600 million baht have been lost, and this does not include unofficial trade, which is two-three times greater, or at least 1 billion baht. Because of the effect that this has had on the economy, in his capacity as chairman of the Cambodian Trade Committee, General Duang Khem, the governor of Banteay Meanchey Province, has sent several delegations to discuss things with the Thai committee and ask that the border be reopened.

Most recently, the two committees have agreed to hold another joint meeting on 8 June 1994 at the headquarters of the 12th King's Guard Infantry Regiment in Sa Kaeo Province. They will sign an agreement on guaranteeing the safety of the Thais who live along the border and those who travel there to engage in trade. The border will be open between 0700 and 1700 hours daily. People will be forbidden from staying overnight unless they receive permission. Only 6-wheeled trucks or larger vehicles that transport goods will be allowed across the border. The goods exported must be on the Thai export promotion list. They cannot be war materials or contraband goods.

Mr. Kasem Chaisit, the governor of Sa Kaeo Province, said that with respect to opening the border, the civilian, military, and police committees concerned agree that a meeting must be held and an agreement signed by provincial-level officials from both sides. If Cambodia does not raise any objections, it should be possible to open the border on 9 June or by 15 June 1994 at the latest. But people need to be aware of the fact that opening the border is based on a spirit of give and take. There is no law guaranteeing this. This is just a policy of the Thai government, which wants to cement relations with neighboring countries.

Mr. Kasem Sawatdi, the manager of the Aranyaprathet branch of the Krung Thai Bank, said that during the time that the border has been closed, the amount of money flowing into and out of the bank has declined 70-80 percent. Normally, approximately 40-50 million baht flows in an out each day, but this has now dropped to only 10 million baht. [passage omitted]

Ex-KPNLAF General Profiled, KR Discussed

94SE0173A Bangkok MATICHON in Thai 30 May 94 p 23

[Text] General Duong Sokhon, the deputy commander of Cambodian Government Army Region 5, who is responsible for suppressing the Khmer Rouge [KR] along the Thai border opposite Sa Kaeo Province, talked with MATICHON about a change in both his personal life and his life as a soldier. We talked with him along the border opposite Aranyaprathet District and could hear heavy firing in a battle between government and Khmer Rouge forces. The intensity of the fighting has been increasing all along the Thai border.

"I am 44 years old and went to live along the Thai border opposite Ta Phraya District when Vietnam sent troops into Cambodia and occupied Phnom Penh. I stayed there until the Paris peace treaty was signed. Thus, I have regularly had contact with Thais and can speak the Thai language."

General Duong said that he is a native of Kandal Province. His parents were merchants there before the Khmer Rouge took over the country. When he was a child, he dreamed of becoming a soldier in order to serve the country. He passed the entrance examination and attended the military academy in Kompong Chhnang.

General Duong talked about the painful events following his graduation from the military academy. He said that his life changed in ways that he could never have imagined. Because just after he graduated from the military academy, Pol Pot and his forces seized Phnom Penh and took control of the entire country.

He and his family were rounded up by the Khmer Rouge and forced to live on the outskirts of Phnom Penh. They were forced to work as farmers even though they had never had any experience in this. That was a very difficult period in his life that he will never be able to forget.

"During the Pol Pot period, things were very difficult for us. We barely had enough to eat and had to work hard all the time. We had to put up with this for 3 years and 8 months. During that period, my family's situation declined greatly," said General Duong.

At the end of the Pol Pot period, in 1988 Vietnam sent in troops to occupy Phnom Penh and the country. General Duong talked about his life during that period, saying that he fled from Phnom Penh together with his family and went to live in Nong Chang opposite Ta Phraya District. He then joined the national liberation army of Son Sann and fought the Vietnamese.

The Paris peace treaty was signed on 23 October 1991, ending Cambodia's civil war. He then returned to Phnom Penh in order to join the Cambodian national army. Finally, because of his capabilities and experience, he was appointed deputy commander of Army Region 5.

"Army Region 5 is responsible for Bothisat, Battambang, and Banteay Meanchey provinces. The army region has five divisions, that is, the 4th, 5th, 7th, 8th, and 12th divisions. I am responsible for suppressing the Khmer Rouge along the border opposite Sa Kaeo Province," said General Duong.

The deputy commander of Army Region 5 also talked about why Cambodian government leaders think that the Thai government is supporting the Khmer Rouge. He said that in view of the fact that Thailand shares a border with the Khmer Rouge, various items, including weapons and other war materials, almost certainly have to pass through Thailand before reaching the Khmer Rouge. But personally, he is confident that Thailand is neutral.

"Only time will tell. We can't determine the truth in just a day or two. If the Khmer Rouge still have the strength to fight, that indicates that they are receiving support from some country. Because if no one supports them, the Khmer Rouge won't be able to do anything," said General Duong.

Before leaving that day, General Duong asked us to thank the Thai people, the Thai government, and in particular, the king and queen for their kindness in helping the Cambodian people who fled the troubles in their own country for the safety of Thailand. He said that he and the Cambodian people will never forget that great act of mercy.

Energy Negotiations With Burma Described

94SE0132A Bangkok THAN SETTHAKIT in Thai 19-21 May 94 p 18

[Unattributed report: "Secret Plan Revealed - Talks on Energy Development: Thai Government vs. Burmese Government"]

[Text] The main issues for which Dr Sawit Phothiwihok, a minister attached to the Office of the Prime Minister and who controls the country's energy, scheduled an agreement, before his flight [with his group] to Burma and talks with Khin Maung Thein, the Energy Minister of Burma, were the price of the natural gas to be bought from Burma and the project to divert water from the Salween River to the Phumiphon Dam.

If Agreed On—Another Era of Domestic Energy.

According to the plans for developing electrical power of the Electricity Generating Authority of Thailand (KFPh), the Petroleum Authority of Thailand (PTTh) was to conduct urgent talks with the Burmese government and Total about buying 400 million cubic feet of natural gas per day from the Yanada Field starting in 1998. This would be used to fuel the 2,800 megawatt thermal electrical generating plant in Ratchaburi Province in addition to the low-sulfur fuel oil already specified in the plan.

Burmese Demand Revealed.

The talks had been able to reach agreement in some areas: regarding the 525 million cubic feet per day of natural gas which Thailand would buy, they had been able to draft a purchase agreement on a take or pay basis. As for the price they had been able to reach an agreement on a price formula under which the price would fluctuate according to the price of fuel oil (50 percent), other indices not based on oil (40 percent) and a fixed price (10 percent).

But they could not agree on the initial price. Burma proposed a price at the border of U.S.$ 3 per million BTU's (a well-head price of 1.86 plus pipeline cost of 1.14) while the Petroleum Authority of Thailand proposed a price of U.S.$ 2.45 to 2.50 per million BTU's.

It was Petroleum Authority of Thailand's view that it could not purchase gas at a higher price than this. This was in line with the thinking of Dr Sawit. In the talks this time Khin Maung Thien would certainly have to hold his head because Thailand had an advantage. It could emphasize that the natural gas from Burma was just one option for generating electricity because the thermal generating plant could burn fuel oil if natural gas was too expensive. They just wanted to buy from Burma in order to cement friendly relations between the countries.

The Reasons Cited by Petroleum Authority of Thailand For It's Proposed Purchase Price.

1. The Electricity Generating Authority of Thailand, as the consumer, could not accept a price of U.S.$ 3 per million BTU's at the border because when one added the pipeline cost of U.S.$ 0.9 to 1.2 to send the gas to Rat Buri, then the price at Rat Buri would be U.S.$ 3.8 to 4.2 per million BTU's. This compared with a gas price of only U.S.$ 2.8 per million BTU's at Rat Buri for gas from the Gulf of Thailand.

2. An initial price of U.S.$ 3 per million BTU's would give Burma a return on its investment of 15 percent in addition to its profit share of 60 percent from investors and royalties of 55 percent of the well-head price. This would be very high when compared to that of Thailand which was only 25 percent.

3. Burma considered that the pipeline cost of the Petroleum Authority of Thailand for sending the gas from the border to Rat Buri, a distance of only 296 km, (U.S.$ 0.9 to 1.2 per million BTU's) was too high when compared with the pipeline cost from the well-head to the Burmese border, a distance of 415 km, (U.S.$ 1.14 per million BTU's) while the Petroleum Authority of Thailand considered that the pipeline cost from the border to Rat Buri was appropriate.

4. Burma thought that the Petroleum Authority of Thailand had probably added the depletion premium to the price of the gas while the Petroleum Authority of Thailand thought that Burma received its depletion premium with its royalties and its share of the production was combined with the price of the gas.

5. Burma considered that the price at the border of U.S.$ 3 per million BTU's was appropriate when one compared the environmental effect of burning natural gas with that of burning fuel oil with 2 percent sulfur, while the Petroleum Authority of Thailand considered that burning either fuel oil with 2 percent sulfur or natural gas in generating electricity at Rat Buri far from population centers had little effect on the environment.

Throughout these disagreements over price in which each side presented opposing arguments, the attitude of the Thai government was to try to compromise so that it could purchase gas from Burma without losing too much and being fair to both sides. It also tried to understand the principles involved in securing fuel for Thailand and in keeping environmental effects as small as possible.

In addition it tried to provide data based on the the fact that the Electricity Generating Authority of Thailand, as the gas consumer, had specified a 2,800 megawatt thermal generating facility, and the design of the plant was such that it could use both natural gas and low-sulfur fuel oil. This was done to provide security for the electrical system which might be affected by the risk of using gas from Burma. That was why the price needed to be competitive with the price of fuel oil with 0.5 to 2 percent sulfur. The gas price at the border therefore had to be in the range of U.S.$ 1.9 to 2.4 per million BTU's. In reality after the purchases began, Burma might increase the price above this range if the price of fuel oil on the world market rose above the present level, and there were indications that this was very possible.

If these factors are considered and it is thought that the price of natural gas from Burma would incur greater production costs than those for other fuels, then the Petroleum Authority of Thailand, as the purchaser, and the Electricity Generating Authority of Thailand, as the consumer, would probably not be able to proceed with this and sign the agreement to purchase natural gas from Burma.

The Project To Divert Salween River Water "Clear"

On this visit to Burma those controlling our energy destiny also brought up the matter of the project to divert water from the Salween River to the Phumiphon Dam. The Thai Foreign Ministry had offered Burma a draft of a memorandum of understanding to consider in mid 1993. Burma is still considering this draft. The reason is that this would be a big project which would require a large investment and so it had to be studied in detail.

Thailand was free to make a decision on the project. It did not have to reach an agreement with Burma. The project would divert water from rivers on the border between Thailand and Burma, namely, water would be diverted from the Salween River from Pha Chong to Sop Moei, a distance of 127 km, and water would be diverted from the Moei River from Sop Moei to Lopwale, a distance of 245 km. This would increase the flow to Phumiphon reservoir to prevent problems caused by droughts.

Thailand informed Burma of the project beforehand, but did not have to reach an agreement or request permission from Burma. Burmese officials have acknowledged this and have not objected.

The Salween project would consist of a dam on the Salween river to hold water at a level 400 meters above average sea level (M.RThK.) and to produce 4,000 megawatts of electricity. Some of the water would be diverted to the Taeng River. There were two possibilities:

1. Set up a 920 megawatt pumping system to raise the water 370 meters and send it through tunnels 32 km. This would divert an average of 3,000 cubic meters of water per year.

2. Let the water flow by gravity through tunnels for 88 km. This would divert an average of 3,000 cubic meters of water per year.

The results of the talks over the price of gas from Burma will be known soon. If an agreement is reached, then there will an opportunity for more visits between the two countries because Sawit has proposed for consideration the construction of a highway parallel to the gas pipeline to open up markets and allow tourism.

Italian Agreement on Transport Planes Signed

BK2907010094 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 28 Jul 94

[Text] Air Force Commander Air Chief Marshal M.R. Siriphong Thongyai today signed an agreement to buy six G-222 transport planes. He said the aircraft procurement had been slow to conclude because late last year he detected certain irregularities concerning the price of spare parts, which was about 15 times overpriced. So, he asked the purchasing committee to continue bargaining with the firm. However, the negotiations were not been successful. But, after the cabinet approved the deal in May, the new purchasing committee was able to obtain a lower price for the spare parts, which made it only about 11 percent overpriced. This will help save the government about 200 million baht.

The air force commander did not think that the former committee had any interest in overpricing the spare parts. Their failure to bargain for a lower price might stem from lack of experience or carelessness. However, there will be an investigation.

Paper Urges Funding Foreign Aid Projects

94SE0171B Bangkok THAN SETTHAKIT in Thai 1-4 May 94 p 10

[Editorial: "Thailand's New Role"]

[Excerpts] The effort being made by the Thai government to encourage international economic cooperation in Indochina, Burma, and the countries south of China is encountering an important problem—a lack of capital to carry on joint public services development projects between countries bordering Thailand and in Thailand. [passage omitted]

The efforts being made by the Thai government are clear from the policies of the Ministry of Foreign Affairs and Deputy Prime Minister Suphachai Phanitchaphak. They have a clear development line for this region. But most of the capital needed to implement these policies—for example, they want to build a dam in Burma or Laos and have them sell electricity to Thailand, and they want to build roads to link various cities in Vietnam-Laos-Thailand, Thailand-Burma-China, Thailand-Laos-China, and Thailand-Cambodian-Vietnam—must come from international financial institutions, particularly the Asian Development Bank (ADB).

Besides having to rely on the ADB, the chances of relying on sources of capital from other international financial institutions such as the World Bank are very slim, because the World Bank is now heavily involved in changing and reviving the economic systems of Russia and the east European countries. The government of Prime Minister Chatchai Chunhawan once put pressure on Japan to establish a fund for the development of the Indochina countries. It was hoped that money from this fund would be used to purchase industrial machinery from Thailand and install it in the Indochina countries. But Japan showed little interest in this.

The interests of the ADB in lending money to develop public services in Indochina, Burma, and the countries south of China are not in line with those of the Thai government. The ADB continues to focus its attention on the Mekong River basin development project. People have been studying this project for a long time, but it hasn't been possible to do anything because of the political problems. Quite a few studies have been made, but it will probably be a long time before anything is actually done.

The Thai government can't wait for financial support from other countries, particularly the ADB, if it wants to be a leader in developing economic relationships in this region. It's time for Thailand to become a donor and investor for the future.

Today, Thailand has the Ex-Sim Bank. The policy is to turn Bangkok into a financial center for the Indochina countries. There are sufficient funds available to help neighboring countries, and people in the private sector are prepared to invest in energy and even basic public services projects in neighboring countries if the Thai government will share the risks with them.

The government must take the lead in investing for the future of Thailand. Nothing is "free" in this world. If the government is sincere about the policies that it has announced, the time has come to invest.

National Assembly Votes, Adjourns

BK2907054594 Bangkok Thai Color Television Channel 9 in Thai 0458 GMT 29 Jul 94

[Text] The meeting held at the parliament to vote on the no-confidence motion against four separate Cabinet ministers ended a moment ago.

The results are as follows: Deputy Prime Minister Bunchu Rotchanasathian received 191 votes in his favor and 163 against; Interior Minister General Chawalit Yongchaiyut received 191 votes in his favor and 164 against; Foreign Minister Squadron Leader Prasong Sunsiri received 191 votes in his favor and 164 against; and Transport and Communications Minister Colonel Winai Somphong received 191 votes in his favor and 165 against.

A royal decree was then announced closing the second ordinary parliamentary session effective as of 30 July.

* Fiscal Policy Chief on AFTA Tariff Problems

94SE0168B Bangkok DAILY NEWS in Thai 11 Jun 94 p 9

[Text] Mr. Suwan Phasuksawat, the deputy director of the Fiscal Policy Office, said that officials from the six ASEAN countries recently held a conference in Jakarta, Indonesia, to discuss the ASEAN Free Trade Agreement (AFTA). Those at the conference discussed reducing import tariffs and the list of goods on which tariffs will be reduced in accord with the proposal made by the ASEAN economic ministers (AEM), who held an unofficial meeting in April. They felt that more goods that will induce investors to invest in the ASEAN countries should be selected. They also proposed that the framework for lowering tariffs be narrowed and that tariffs be lowerd more quickly.

Reducing tariffs of the ASEAN group in accord with this agreement is, however, still encountering various problems with respect to the details. One of the issues is the matter of customs tariffs, concerning which there is still much overlapping. Some countries want to have six customs tariffs while others want nine. Thailand uses eight customs tariffs. The countries have not yet been able to reach an agreement on this. So far, Thailand has reduced import duties on more than 2,4000 items. It has reduced tariffs on an item-by-item basis and adjusted the structure of import duties.

Besides this, those at the conference also discussed the resolution passed by the AEM, which calls for each country to reduce the number of items temporarily exempt from tariff reductions by 10 percent a year. They also discussed the list of unprocessed agricultural goods so that these will conform to AFTA's framework. However, no clear conclusions were reached ad so the details and other issues will have to be discussed at the next meeting.

Watthana Said in Drugs for Over '20 Years'

BK2907085494 Bangkok THE NATION in English 29 Jul 94 pp A1, A4

[Text] Foreign Minister Prasong Sunsiri forced the opposition onto the defensive on the second day of the no-confidence debate yesterday when he told the House of Representatives during a closed session that Chat Thai deputy leader Watthana Atsawahem had been involved in drug trafficking for more than 20 years.

Prasong's statement, based on documentary evidence provided by US Deputy Secretary of State Strobe Talbott, angered opposition MPs and created a commotion that threatened to erupt into a fist fight.

Opposition leaders criticized Prasong for producing the evidence in the House chamber instead initiating normal legal procedures to substantiate the charges.

According to MP Seksan Saenphum (Chat Thai-Surin), Prasong told the House: "This document which I obtained from the US ambassador to Thailand says the United States government has sufficient evidence to support the charge that Khun Watthana Atsawahem has been involved in drug trafficking for more than 20 years."

Prasong said Talbott gave the document to the US ambassador who passed it on to him after the opening of the Asean foreign ministerial meeting on July 23, Seksan said.

Prasong sought and obtained Deputy House Speaker Wan Mohammatno Matha's permission to go into a closed session around 4 pm when he rose to respond to opposition MPs' criticism of his handling of the country's foreign affairs.

Prasong said the US government decided to supply him with evidence of Watthana's involvement in drug trafficking after the deputy Chat Thai leader filed a defamation lawsuit against US President Bill Clinton, US Ambassador David Lambertson and the US Information Service.

The USIS announced the US Embassy had refused to grant a visa to Watthana because US drug-busting authorities had reason to believe he had been involved in drug trafficking.

"US authorities are determined to take legal action against Khun Watthana. They have enough evidence to support the charge against Khun Watthana. The document says the US government and the American people are putting their prestige at stake trying to prove Khun Watthana's guilt," Prasong told the House, MPs said.

He said he was told that US authorities expected to lodge a criminal suit with a US court against Watthana soon.

After completing his brief statement, Prasong asked the deputy House speaker to resume the regular session, prompting opposition lawmakers to protest. The opposition MPs want to continue the discussion in camera.

A commotion ensued when opposition MPs started rising from their seats and shouting. Prime Minister Chuan Likphai intervened and asked Wanmohammatno to continue the discussion in closed session as the deputy House speaker was about to call a vote on the matter.

MPs said Watthana was visibly angry. He emphatically denied the charge made by US authorities and even addressed the foreign minister as "Ai Song" (an impolite way to address another person).

"Ai Song, a person like you has no credibility and you deserve no respect," the deputy Chat Thai leader said, refusing to retract the offensive word when Wanmohammatno asked him to, according to MPs.

At one point Watthana removed one of his shoes and prepared to throw it at Prasong, but Chat Thai leader Banhan Sinlapa-arha restrained him.

"I challenge Squadron Leader Prasong to make a vow before Phra Sayam Thewathirat [guardian spirit of the country] that he is speaking the truth. If he tells a lie, let him suffer all kinds of calamities," Watthana reportedly said.

Wanmohammatno told Watthana and Prasong not to make the vow.

Other opposition leaders took turns criticizing Prasong for revealing the US allegations.

Banhan said: "I was saddened by the (Prasong's) action. We are playing too hard against one another. This is an equivalent of character assassination. Look at Khun Watthana his reputation has been damaged beyond repair already," according to MPs.

Prasong should not have called so much public attention to his statement, which was "nothing new", by calling for a closed session.

Chat Phatthana leader Chatchai Chunhawan said Prasong should not have revealed the supposed new evidence in the House chamber. "Khun Prasong should present the evidence to the prime minister who can take legal steps to try to substantiate the charge against Khun Watthana."

"This kind of information should not be made public," Chatchai said according to MPs.

Chuan said the charge against Watthana remained an accusation which had yet to be contested in a court of justice. The prime minister did not say whether he was referring to a US or a Thai court.

MP Phaichit Siworakhan (New Aspiration-Nakhon Phanom) said instead of expressing anger at Prasong, the Chat Thai Party should launch an internal investigation to find out whether the US accusation against Vatana was valid.

Eastern Seaboard Infrastructure Projects

94SE0171C Bangkok MATICHON in Thai 28 May 94 p 6

[Excerpt] [Passage omitted] On 27 May, Mr. Montri Danphaibun, the deputy spokesman attached to the Office of the Prime Minister, issued a statement about the results of a meeting of the Eastern Seaboard Development Committee, the chairman of which is Mr. Suphachai Phanitchaphak, the deputy prime minister. Mr. Montri said that those at the meeting discussed the progress of various projects: The industrial waste elimination project in Chonburi Province is presently encountering construction problems and so public relations activities should be carried on in the area so that the people understand. Approval was given to build a coastal highway in Chonburi Province, with construction to be completed within 3 years. The technical and environmental aspects must be studied, and a new budget must be submitted. As for the private pilot project at the Mabtaphut Port, those at the meeting passed a resolution to have private pilots. The Ministry of Communications must stipulate criteria and conditions within 1 month.

Mr. Montri said that those at the meeting also studied the progress made in the rapid-train project. They discussed the results of the study done by the Office of the National Economic and Social Development Board (NESDB) and found that the Bangkok-eastern seaboard line will provide suitable economic and financial compensation, that is, 13 percent. It has also been recommended that other lines be built, too. It will take 6 years to build this line. The passenger fare will be 100 baht plus 1 baht per km. Those at the meeting approved formulating an investment plan that considers the environment and expanding the project to link government centers, the new town of Sanam Chaikhet, and Tha Takiap Branch District in Chachoengsao Province. These problems will be discussed at an international conference to be held by the NESDB on 1 July at the Sirikit National Conference Center. The topic of the conference is "Thailand's Eastern Seaboard, the Gateway to Air Transportation for International Businessmen in the 21st Century." People in the public and private sectors from various countries will attend this conference. The objective is to submit large-scale infrastructural plans and projects now being studied. These include the project to build a second international airport at Nong Ngu Hao, the project to formulate a master plan for land use and an infrastructural system to serve the Nong Ngu Hao airport, the international production and air transportation center project, and the project to build a second wide-body aircraft maintenance center at the Utaphao air base.

Mr. Montri said that those at the meeting also considered the project to expand the bridge across the Bang Pakong River to support the development of the eastern seaboard. Within 5 years, this will probably be expanded to 22 lanes instead of the present 8 lanes. That will increase our transportation potential and make it possible to link things to the Indochina countries.

A report from conference stated that in discussing building additional bridges across the Bang Pakong River, those at the meeting also discussed the possibility of building a second bridge across the Mekong River between Thailand and Laos. Those at the meeting felt that a second bridge would be beneficial. Belgium or France will be asked to help conduct studies. Otherwise, the Thai government will use its own money to hire project advisers. This project will be a ground transportation system to facilitate getting into the Indochina countries. The first country to use the second Thai-Laos route will be Vietnam, because this route will link the city of Danang.

Central Bank Officials View Inflation, Growth

BK2907103294 Bangkok BANGKOK POST in English 29 Jul 94 p 21

[Text] Based on key economic indicators over the first half of 1994, the annual inflation rate will come in under

4.8 percent while growth will not be lower than 8.2 percent, according to the Bank of Thailand.

However, Bank of Thailand assistant governor Chaiwat Wibunsawat warned that next year might see an inflation rate of 5 percent.

The central bank yesterday issued a report that attributed the uptrend in inflation figures to increases in salaries and oil prices and the overall recovery of the world economy.

Bandit Nitthawon, deputy director of the bank's economic research department, said the projected 4.8 percent inflation for the entire year was based on annualised oil prices of US$15 per barrel, US$2 higher than in previous calculations.

The new projection has taken into consideration public-sector salary increases but not those in the private sector, expected to follow suit soon.

Mr Bundit said next year's projected inflation rate of 5 percent could be offset by implementing counter-tax measures. Raw material import taxes could be cut to reduce production costs in the country, he added.

Another way to handle rising inflation, he said, was to pressure commercial banks to distribute more loans to the rural provinces. They may be requested to reduce credit extension in the comparatively less important economic sectors to cut unnecessary expenses of the country.

However, Thailand's inflation rate does not exceed those of the eight neighbouring countries in Asia and is still manageable, he commented.

Bank of Thailand governor Wichit Suphinit said uninterrupted expansion of the economy in the first half of this year had been spearheaded by export growth.

The recovering world economy has boosted Thailand's exports by 22.9 percent to 517.76 billion baht, while imports rose 13.7 percent to 632.76 billion baht.

Government Said 'Determined' To Open Economy

BK2907103194 Bangkok Radio Thailand Network in English 0000 GMT 29 Jul 94

[Text] Finance Minister Tharin Nimmanhemin said the government is determined to open up the Thai economic system, linking with the world economy under the trade and investment liberalization policy. Mr. Tharin said that to overcome continued growth in the country's economy, the government needs to keep the inflation rate and the current amount [as heard] deficit at the manageable. In addition, he said, the government has set a policy to enhance Thailand's competitiveness. It would also seriously push for the income distribution into regional areas of the country and increase the efficiency in the agricultural sector.

Meanwhile, President and Chief Executive Officer of the Siam Commercial Bangk Olan Chaiprawat said he was confident that the Thai economy will grow by 8 percent this year because of bright prospects for exports and the investment in infrastructure have expanded at a satisfactory rate. He said as the result of a stronger yen, medium-size companies in Japan—especially those manufacturing car parts and electronic components—are likely to relocate their production base to Thailand. Therefore, he said, Thailand needs to map out incentive measures to persuade those companies to invest more here.

Deputy Prime Minister on Rice Sales to Iraq

94SE0168E Bangkok NAEO NA in Thai 7 Jun 94 p 5

[Excerpt] [Passage omitted] In his capacity as chairman of the Rice Policy Committee (RPC), Mr. Amnuai Wirawan, the deputy prime minister, made a statement following the RPC meeting on 6 June He said that he had been contacted by the Chaiyaphon Rice Trading Company, which Iraq has appointed as its representative in the negotiations to purchase 500,000 tons of rice from Thailand at a price of more than billion baht. In requesting credit, it has promised to pay once the United Nations lifts the embargo on Iraq.

This matter has been discussed with the Ministry of Finance in order to request support in providing credit. The finance ministry has turned the matter over to the Bank for Imports and Exports (Ek-Sim Bank), which is considering whether to provide support and how much.

Mr. Amnuai said that if the Ek-Sim Bank provides support, conditions will have to be imposed. Iraq will have to turn over ownership to the assets that have been seized to the Ek-Sim Bank, and the buyer will have to pay interest every 6 months so that the Ek-Sim Bank can apply this to the amount borrowed. Also, the buyer must find an internationally-known bank to stand guarantee for this rice purchase.

"If they agree to these conditions, the Ek-Sim Bank will release credit to sell rice to Iraq. The Rice Policy Committee has asked the Ministry of Commerce to contact the buyer in order to inform them of the conditions. The price of this rice has not yet been discussed. This is 15-percent type rice, which Thailand still has a surplus of."

Mr. Chaiyayot Sasomsap, the deputy minister of commerce, said that on 13 June, the Rice Policy Committee will meet with the Ek-Sim Bank and the Chaiyaphon Company to discuss this and find out whether this proposal and the other details considered by Iraq during the week are acceptable or whether it wants to propose something else.

Finance Minister Sources on Policy Objectives

94SE0132B Bangkok NAEO NA in Thai 18 May 94 p 7

[Unattributed report: "'Tharin' Orders Extension of Plan To Meet Foreign Competition"]

[Excerpt] [Passage omitted] A source in the Finance Ministry revealed that Mr Tharin Nimmanmoen, the Finance Minister, had ordered Mr Somchai Ruchuphan, the Director of the Fiscal Policy Office (SSKh.), to update the monetary and financial policies of the Finance Ministry to the year 2000. This would involve developing long term plans. This was being done to support the future economic growth of the country and to be in line with the General Agreement on Tariffs and Trade (GATT) and with our status as a financial center for the region.

Therefore the Fiscal Policy Office, which was the unit responsible for these policies for the country, would have to specify the stages of development clearly so that this could provide direction which the Finance Minister could propose to the cabinet for use in setting policies up to the year 2000. The Finance Ministry had drafted policies both for intervention and support. For support they prepared various measures which would support economic expansion caused by stimulation from both domestic and external factors. As for intervention we would have to specify measures which would stimulate Thailand so that it could compete with other countries.

The source said that in drafting these policies we specified five policy areas: 1. Policies related to transforming state enterprises would need to be clarified before the year 2000. There could not just be the granting of concessions or the distribution of stock to individuals—individuals would have to be allowed to run these enterprises entirely on their own to reduce the burden on the government. 2. This area, specified by the Finance Ministry, concerned policy for opening up the financial and banking system up to the year 2000. It concerned which activities the Thai government would open up to other countries and finding measures which would strengthen domestic financial institutions so that they could compete with other countries.

Area 3. specified the limits for maintaining financial stability. 4. This area specified the direction for distributing development to the provinces in the future. The last area concerned increasing the role of local government—this was a plan for distributing power. All this specified the direction of the economy and the proposals involved up to the year 2000 and required the work of many specialists.

Vietnam

Minister Interviewed on ASEAN Conference

BK2907051694 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Jul 94

[Interview with Foreign Minister Nguyen Manh Cam by unidentified station correspondent at Noi Bai Airport in Hanoi upon his return from the ASEAN foreign ministerial conference and the ASEAN Regional Forum on Security in Bangkok; date not given—recorded]

[Text] [Correspondent] Dear Comrade, as you have just attended the ASEAN foreign ministerial conference and the ASEAN regional forum on security and it is reported that the 27th ASEAN foreign ministerial conference was the first conference in history with all 10 Southeast Asian nations attending in various capacities, and that the ASEAN regional forum on security was the first of its kind, could you, Comrade, discuss the important areas of these two major conferences? And in your view, what were the most satisfactory results of these conferences?

[Nguyen Manh Cam] It is true that this time the regular ASEAN foreign ministerial conference was something new, that is, it was attended for the first time by all 10 Southeast Asian foreign ministers. This clearly shows that the trend toward regional cooperation is gaining momentum and this cooperation is being increasingly broadened. Thus, along with consolidating, strengthening, and expanding ASEAN, regional countries have found a format to achieve cooperation with those nations which are still not ASEAN members in order to contribute to achieving faster regional growth. This testifies to the increasingly consolidated trend toward integration of regional cooperation in Southeast Asia and also conforms to the trend now being developed in other regions.

The first ASEAN regional forum on security was aimed mainly at enabling various countries to exchange views on the regional situation and security. Due to the limited timeframe, this forum failed to arrive at any substantive conclusions on how to resolve difficulties in maintaining and consolidating regional security.

Through this forum, all countries unanimously agreed to use the UN Charter, the treaty of amity and cooperation among Southeast Asian countries known as the Bali Treaty, and those principles already outlined in ASEAN's July 1992 declaration on resolving disputes in the Eastern Sea as a basis for maintaining and ensuring regional security. That is why this has been viewed as a fundamental principle for the continued exchange of views under the framework of the regional forum on security. It is not that with such fundamental principles we will be able to resolve all the issues, but that on the basis of these principles we can achieve a more unified consensus and then arrive at effective measures capable of ensuring and consolidating regional security.

At the regional forum on security, attending countries pointed out that over the past recent years, the situation in our region has been relatively stable and that the region's high growth rate has been maintained. However, there has remained some hidden elements of instability. In this regard, almost all countries cited the following three issues as elements of instability: The Korean peninsula situation, the Cambodia issue, and the disputes in the Eastern Sea. The countries only raised these issues, but did not provide any suggestions for settlement. As for the principles for settling these issues, we underlined the need to settle these issues through peaceful negotiations during which all parties must practice self-restraint, non-use of force, or threats to use force.

[Nguyen Manh Cam continues] In my view, the most successful result of these conferences was that they were able to draw attention from not only officials from the ASEAN countries and the media circles, but also from the public at large—in the many areas as far as I know—on the question of Vietnam becoming an ASEAN member country. That was the first result. The second was that those attending the regional forum arrived at the conclusion to maintain this forum and to use it as a place to exchange views and, on this basis, to generate mutual trust and mutual understanding. On the basis of this mutual understanding, regional cooperation will be strengthened and regional security consolidated.

[Correspondent] What did the ASEAN foreign ministerial conference discuss about the question of Vietnam becoming a full ASEAN member? And what was the attitude adopted by the ASEAN member countries and by other nations taking part in this conference toward this question?

[Nguyen Manh Cam] It is interesting that prior to this conference and during the course of the conference, an issue arising as a main topic and attracting attention from not only the participating nations but also from media circles, and especially from the public at large, is the issue of Vietnam becoming a full member of ASEAN. During the course of the conference, the ASEAN foreign ministers held an extraordinary session to discuss the question of Vietnam becoming a full member. After this session, the ASEAN foreign ministers released a collective and unanimous statement in which they welcomed and expressed their readiness to admit Vietnam as a full member of ASEAN. On this basis, they also decided to set up an ad hoc committee made up of the secretary-general of ASEAN, high-ranking officials of its Secretariat, and of other ASEAN member countries to assist, cooperate with, and exchange views with Vietnam over issues that need further attention and further preparation, and over the timing for Vietnam's official admission.

As for issues that need further attention, first we must further grasp the mechanisms, operating format, and procedures, as well as the formalities of various ASEAN committees. Second, we must prepare more qualified cadres with a good knowledge of foreign languages, especially English, capable of attending various ASEAN committee meetings and implementing various ASEAN programs and projects and taking part in ASEAN meetings. Those issues that need further preparations are mainly technical. As for the timing of admission, it will depend on the results of the exchange of views between the ad hoc ASEAN committee and Vietnam and the results of our further preparations. But during their private exchanges of views with us, various ASEAN countries unanimously agreed to strive to make Vietnam the seventh ASEAN member next year.

[Correspondent] Apart from the two major conferences you attended, namely the ASEAN foreign ministerial conference and the ASEAN regional forum on security, we know that there were also many meetings held in the wake of these conferences and that you, Comrade, also personally held separate meetings with many delegations attending these conferences. Could you, Comrade, speak about these activities as well as their significance and results?

[Nguyen Manh Cam] Apart from the collective activities at the conferences, I also took advantage of this opportunity to hold parleys with the foreign ministers of various countries. It can be said that our delegation met almost all of the delegations attending these conferences, except for a number of countries with which we had already exchanged views, either in Hanoi or in those very countries. Generally speaking, these meetings focused chiefly on the issues of spurring bilateral relations and resolving issues of mutual concern to ensure better results through cooperation. That is the first point. The second point is that we also touched on several matters of mutual concern, including the matter of Vietnam's prospects of becoming a full ASEAN member. All the countries that I met welcomed this matter and regarded it as a good sign of the current trend of development in the region.

[Correspondent] Thank you, Comrade.

Research Stations in Spratlys Completed

BK2907090194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 27 Jul 94

[Text] After one month of construction, the Steel Structure Enterprise under the Oil and Gas Construction Union completed on 25 July the two economic-technological service stations for the Tu Chinh Reef [Vanguard Bank] area.

During the working month, construction cadres and workers have worked three shifts a day under continuous and heavy rain, showing a high sense of responsibility. Thanks to their efforts, the well-constructed stations were delivered on time, thus contributing positively to scientific research work on the Tu Chinh Reef.

Commentary Hails Strobe Talbott Appeal on KR

BK2907042794 Hanoi Voice of Vietnam in English 1000 GMT 28 Jul 94

[Station Commentary]

[Text] United States' Undersecretary of State Strobe Talbott said at the ASEAN Regional Forum in Bangkok that all countries should support the democratically elected Royal Government of Cambodia, by severing relations with the Khmer Rouge [KR]. ASEAN countries now look at the Khmer Rouge in a completely different way. Our radio editor comments.

The appeal by the United States' Undersecretary of State to severe relations with the Khmer Rouge has received strong support from all ASEAN countries. Some ASEAN members who previously have supported certain activities of the Khmer Rouge, now resolutely and strongly criticize the Khmer Rouge. ASEAN foreign ministers vehemently condemned the latest activities of the Khmer Rouge against the Cambodian Government. They reaffirmed their non- recognition of the so-called Interim Government of the Khmer Rouge, and pointed out that the Cambodian Parliament's decision to outlaw the Khmer Rouge was correct and necessary. ASEAN countries also agreed to express their support for the Cambodian Royal Government. Thai Prime Minister Chuan Likphai and Foreign Minister Prasong Sunsiri said Thailand only supports and recognizes the Cambodian Government. They pointed out that they would positively support the Cambodian Government's proposal concerning the Khmer Rouge.

There have been no other forum where ASEAN members have expressed unanimity in their support of the Cambodian Royal Government. Criticism against military activities of the Khmer Rouge by ASEAN and the rest of the world is still necessary, and non-recognition of the so-called Khmer Rouge Interim Government will contribute to preventing the Khmer Rouge's dangerous plot against Cambodian people.

Vietnam, Laos Cooperate in Returning Remains

BK2907090494 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Jul 94

[Text] According to a correspondent of the VIETNAM NEWS AGENCY in Laos, in seeking to implement a program of cooperation to return the remains of Vietnamese war dead and to build a monument for Vietnamese-Lao solidarity in combat, both Vietnam and Laos have pledged to coordinate closely in all phases of transporting to Vietnam the remains of fallen Vietnamese voluntary soldiers which are now buried at three cemeteries in Udon Thani, Xieng Khoang, and Attopeu.

The tasks of searching for and returning the remains of other Vietnamese war dead who are buried in other places in Laos are difficult one[illegible] but the two sides are determined to carry on and will strive to complete the basic part of the work by the Vietnamese War Dead and War Invalids Day on the 27 July 1997.

The Lao side also took responsibility for designing and planning the monument to commemorate the solidarity in combat between the two countries.

More Oil Discovered on Continental Shelf

BK2907092794 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Jul 94

[Text] By the year 2000, Vietnam will produce 15-20 million tonnes of oil. Foreign companies are about to announce the discovery of at least four or five new oil wells with value for commercial exploitation on the Vietnamese continental shelf.

Doctor Ho Si Thoang, president of PetroVietnam, or the Vietnam Oil and Gas General Corporation, released the above information at a meeting on 27 July in Ho Chi Minh City. He also stressed that prospects for oil exploitation in Vietnam are becoming ever more attractive, especially after the announcement made by Mitsubishi that the company has recently found large deposits of oil off the Vung Tau coast.

More companies have recently applied for oil exploration on new lots. The production output of these oil wells are not important in the first year but will increase rapidly in later years. Prospects for gas exploitation are also promising.

Party Issues Decision on NHAN DAN Functions

BK2907034494 Hanoi NHAN DAN in Vietnamese 14 Jul 94 pp 1, 3

[Communist Party of Vietnam Central Committee Secretariat's 13 July decision No. 87QD/TW on the functions and duties of NHAN DAN newspaper]

[Text] The newspaper NHAN DAN is one of the central organs of the Communist Party of Vietnam [CPV] and is under the direct supervision of the CPV Central Committee Secretariat. The newspaper has the functions of providing information, and propagating and disseminating various political tasks of the Vietnamese revolution set forth by the party. The newspaper assumes the duty of propagating and organizing "collectively" various party papers, thereby contributing significantly to uniting all people and promoting international solidarity for the success of the socialist fatherland's construction and defense cause. The paper also has the duty to promote efforts to attain the objectives of making our people prosperous, our country powerful, and our society just and civilized; and to positively contribute to the common struggle of the world's people for peace, national independence, democracy, and social progress.

NHAN DAN is the mouthpiece of the party Central Committee and the state. It acts as the loyal spokesman of the party and state for events throughout the country and for dealing with world public opinion. The paper also serves as a forum for the people. It helps to reflect the feelings and aspirations of the people and to present proposals, initiatives, and experiences of the people and mass organizations.

The newspaper NHAN DAN is the party's political and ideological banner on the Vietnamese media front. It is also a bridge that helps maintain daily contacts between the party and the state on the one hand and the people at large on the other. Its readers are cadres, party members, and various people's strata.

On the information front, NHAN DAN is dutybound to carry out the following tasks:

1. Disseminate Marxism-Leninism and Ho Chi Minh thought; promote genuine patriotism and internationalism among members of the working class; and educate the ideal of national independence and socialism, a healthy lifestyle, the fine national traditions and culture, and the essence of mankind's culture among cadres, party members, and the people.

2. Propagate and disseminate party lines and policies and the state law among cadres, party members, and the people.

3. Provide prompt and accurate information and comments, with a correct stand, on all important events at home and abroad; encourage new factors, concepts and acts of cadres, party members, and the people who want to contribute to the concrete and practical objectives of building and defending the fatherland; and participate in guiding, motivating, and organizing various movements of the masses.

4. Provide a forum for the people in the cause of building and defending the socialist fatherland; truly present the impetus and legitimate aspirations of the people on issues related to their daily life; and contribute to reviewing, supplementing, amending, and perfecting lines and policies of the party and state.

5. Propagate the foreign policy of the party and state and contribute to expanding relations of friendship and international cooperation on the basis of firmly maintaining national independence and sovereignty while competing and creating internationally favorable conditions for the cause of national construction and defense.

6. Resolutely, actively, promptly, and effectively struggle against allegations and acts of hostile forces which are detrimental to our nation's revolutionary cause. Resolutely, promptly, and effectively struggle against corruption, smuggling, bureaucratism, waste, and other social vices.

Based on the above-mentioned stipulations, NHAN DAN's editorial staff shall formulate a concrete program of action for each stage, rearrange its organization mechanism, and formulate operational procedures of the paper.

* Assembly Member Speaks on Law Amendments

942E0069A Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 5 Jun 94 pp 1, 7

[Statement by Nguyen Rang, a National Assembly deputy from Ho Chi Minh City, in the assembly hall]

[Text] Defending our socialist fatherland in general and fulfilling one's military obligations in particular is the sacred task of every citizen and the responsibility of all of society. Our military is a large school. Before they enter the military, soldiers have experienced three living environments: the family, school, and society. Once they enter the military, soldiers live in an environment that integrates those three environments. Military work is a special type of work. This is because forging political capabilities and technical standards and teaching basic military tactics is the daily work of soldiers.

A basic requirement in building a regular and modern people's army is that there must be ranks of skilled officers. At present, there are two sources of officers: Soldiers presently serving in the ranks and graduates of general middle schools and reserve officers at colleges. But in recent years, the above sources have not been able to satisfy the need for military officers, particularly lower-grade officers. Since 1990, the annual military recruitment plans have assigned each subward and village the task of selecting two youths to volunteer for officer training during their period of active duty. But there have never been enough volunteers. The reason for this is that the military environment is not as attractive as that of other environments, particularly in a market economy. Youths who join the army feel that they must contribute and sacrifice more than they gain. On the other hand, when they return to civilian life, they encounter many difficulties, and this includes officers who have sacrificed their youth to the military. Thus, today few soldiers want to become officers.

In view of this situation, I agree with the government's report, which was submitted to the National Assembly by the Minister of National Defense, on drafting a bill to amend a number of articles of the Military Draft Law.

In order to ensure fairness with respect to the rights and obligations of citizens in carrying out the task of defending the fatherland, there must be unanimity in understanding and concrete policies regarding military obligations. I agree that in peacetime, there is no need to draft all youths of military age. But we should refrain from granting too many exemptions, because this could easily lead to a lack of fairness and reduce the quality of our armed forces. That would enable educated and talented youths from wealthy families to be exempted from military duty at a time when our armed forces need trained specialists in order to build a regular and modern revolutionary people's army.

I would like to say the following about specific articles of the bill:

Article 19: This should read: "...report the list of male citizens who have reached the age of 17...and people who are ready to be drafted in that year." (the phrase "people who are ready to be drafted" in Article 61 should be included in Article 19.)

Article 24: The military draft councils should add additional members from the Veterans Associations, and the people's councils should add an additional member. The vice president of the people's council can be appointed to serve as the vice president of the military draft council. The military draft councils must not only supervise things but also control and monitor the implementation of the Military Draft Law.

Article 29: The targets exempted in Paragraph E, that is, people who are engaged in state-echelon scientific projects, should be eliminated because few people of draft age are involved in such projects. On the other hand, the number of exemptions granted should be increased for militia and self-defense forces regularly serving in the localities for 4 or more years and for people engaged in economic and national defense work for 3 or more years and who have received military training in accord with the program stipulated by the Ministry of National Defense.

Article 61: The section "...the number of reserve personnel and people ready for enlistment should be counted..." should be changed to read "...the number of reserve personnel and the available technical means at the base should be counted in order to report...."

* Interview With Do Muoi, Vo Van Kiet

942E0067A Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 28 May 94 p 1

[Article by Cao Minh]

[Text] During a break in the National Assembly meeting, General Secretary Do Muoi and Premier Vo Van Kiet talked briefly with SAIGON GIAI PHONG and colleagues.

General Secretary Do Muoi: Having a Law-Governed State of the People, by the People, and for the People

The fifth session of the ninth National Assembly is very important. The National Assembly will pass a labor law and a number of other laws. In a multi-faceted economy, in promoting industrialization and modernization, promulgating a labor law is very important. Another law is the domestic investment law, which is aimed at mobilizing the capital of the people in order to contribute to building the country. Along with this, the National Assembly will also pass and promulgate a number of other laws aimed at improving the results of state management and the activities of the people's councils and people's committees. This will further strengthen the ownership rights of the people and bring about a law-governed state of the people, by the people, and for the people.

As for the socioeconomic situation, during the first half of this year, our industrial and agricultural production has continued to grow, and many encouraging achievements have been scored. It can be said that commodities have satisfied the needs of the people, and prices have stabilized. During the past period, foreign affairs activities have expanded well. In general, investment has declined as compared with last year. I hope that we will grasp this opportunity and accelerate the country's rate of growth.

Premier Vo Van Kiet: Systematize State Management Using Laws

Reporters have frequently asked me questions. Today, there are many reporters present from the center and the localities and so I would like to ask you what you think about the relationship between the central echelon and the localities, about the relationship between localities, and about state investment in various places. I would like to tell you that the state is giving attention to every locality and region without distinction. Naturally, the special characteristics, situation, and development of each place has been taken into account in the overall development plans formulated by the state. Take a number of large investment projects such as the Da River and Thang Long bridge projects, for example. If we had not seized the opportunity, those would have been very difficult today. Or take the Highway 5, Hanoi-Haiphong, project for example. That investment project was not aimed at helping just Haiphong. As you all know, that highway is part of an economic triangle: Hanoi-Haiphong-Quang Ninh.

I recently visited a number of countries and "boasted" that our ranks of intellectuals, cadres, and workers have built many large projects such as the Hoa Binh hydroelectric project and the Thang Long bridge. These are things that we can be very proud of. In the competition for international contracts, if we want to show our capabilities but we don't have concrete proof or completed projects, how can we persuade other countries? Much money has been tied up in several other large projects such as the Thac Mo and Yaly projects. The government will handle this. Much money is also tied up in management and leadership activities at the various echelons. But I believe that systematizing state management using laws that have been debated and passed at National Assembly sessions will contribute to stabilizing and developing the country based on a spirit of democracy, renovation, and for the people.

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